

# 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 2018
<b>Previous corresponding period</b>	30 June 2017

\$

## Results for announcement to the market

Revenue from ordinary activities	Increased	105%	to	2,161,473
Net loss (from ordinary activities) for the period attributable to members	Increased	5.98%	to	(4,748,183)
Net loss for the period attributable to members	Increased	5.98%	to	(4,748,183)

## Dividends

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

<b>Net tangible assets per share</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Net tangible assets (\$)	2,854,800	2,821,036
Shares (No.)	222,299,656	171,463,134
Net tangible assets per share (\$)	0.013	0.016

## Explanation of results

The results for the year show a loss of \$4,748,183 (2017: \$4,480,161) representing an increase of 5.98% 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 2018 containing the audit report shall be produced in due course.

## Preliminary final report – 30 June 2018

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## Corporate Directory

<b>Directors</b>	Mr Michael Kay Mr Bryan Petereit Mr Michael Norster
<b>Secretary</b>	Mr Prashant Chandra
<b>Principal registered office in Australia</b>	Unit 3, 3 Wellington Street Kew, Victoria 3101 1300 554 842
<b>Share and debenture register</b>	Link Market Services Limited Level12, 680 George Street Sydney New South Wales 2000 +61 2 8280 7100
<b>Auditor</b>	Grant Thornton Audit Pty Ltd Collins Square, Tower 1 727 Collins Street Melbourne VIC 3008 Australia
<b>Solicitors</b>	Minter Ellison Level 23, 525 Collins Street Melbourne Victoria 3000
<b>Website</b>	<a href="http://www.applydirect.com.au">www.applydirect.com.au</a>

## Review of Operations

During FY2018 ApplyDirect Limited (**ApplyDirect** or **company**) has made significant progress towards achieving its business objectives delivering strong revenue growth and business momentum underpinned by significant contract wins during the year.

Total operating revenue in FY2018 increased 148% over the prior period, driven primarily by contributions from the NSW and Victorian Governments, large enterprise customers and the continuation of strong growth in media revenue.

Total expenses increased by 25% reflecting the investment in business capability to support customer growth. The closing cash position as at 30 June 2018 was \$2.73 million.

An important highlight in FY2018 was the strong beachhead built in the government channel. Following the long term managed services agreement signed with the NSW Government in July 2017, ApplyDirect won a tender to design, build, host and maintain a new Victorian Government careers portal and provide related digital marketing services in January 2018. The new CAREERS.VIC platform was successfully launched in May 2018.

The relationships with the NSW and Victorian Governments has also led to an ongoing series of additional projects including development of the [iworkfor.nsw.gov.au](http://iworkfor.nsw.gov.au) mobile app and migration of the careers platform to the cloud, and the integration of VicRoads with the new CAREERS.VIC jobs portal. Each of these projects contribute to the underlying stickiness of our government customers, and as such makes such revenue strategically important for the company.

Owning the whole of government solution for NSW and Victoria also unlocks the “trickle-down” effect with the combined departments and services of both governments representing over 300 additional opportunities for ApplyDirect to implement its recruitment marketing platforms.

Further, the recent partnership with Acendre, combined with securing the contract to build a new careers platform and provide managed services to the Department of Defence, extends these opportunities into the Federal Government.

The health vertical remains a priority and in FY2018 ApplyDirect continued to penetrate the sector. Customers include both private and public-sector service providers in the hospital and aged care sectors. Importantly, several health services customers were previous subscribers to HealthBuzz, highlighting the potential to upsell existing customers and deliver enhanced return on investment for the employer.

As ApplyDirect continues to penetrate its core market channels, the recent agreement with the Dialog Group represents an important expansion into professional services.

Strong momentum in site traffic and successful campaigns drove strong growth in media sales in FY2018.

Pleasingly in July 2018, First State Super renewed its campaign for a further 12 months following the success of its previous campaign, extending the media relationship with ApplyDirect to two years.

### *Outlook*

The success in building strong relationships with government customers is providing a solid revenue base for the business. Importantly, it continues to provide a significant pipeline of new business opportunities that will drive the next stage of growth. The recent penetration of the Federal Government sector in partnership with Acendre will further extend these opportunities.

**ApplyDirect Limited**  
**30 June 2018**

Institutional corporate continues to be an important market segment for the business. ApplyDirect's solution enables such institutions to unlock the benefits associated with their size and scale. Based on the current opportunities at the latter part of the sales cycle, a significant contribution is expected from this market in FY2019.

The deep integration between ApplyDirect's platforms and underlying employer e-recruitment systems enables large enterprise employers to access a better return on their recruitment marketing investment. This compelling value proposition is enabling ApplyDirect to penetrate this market segment, which is expected to be another important revenue contributor in FY2019.

Finally, media is expected to build further momentum over the next 12 months and should also drive growth in FY2019.

**ApplyDirect Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2018**

		Year ended	
	Notes	30 June 2018	30 June 2017
		\$	\$
<b>Revenue</b>			
Operating revenue		1,723,529	694,330
Other income	3	437,944	358,038
		<u>2,161,473</u>	<u>1,052,368</u>
<b>Expenses</b>			
Employee benefits expense		(3,079,157)	(2,818,656)
Marketing expense		(1,460,566)	(1,397,443)
Professional fees		(1,167,727)	(422,617)
Travel expenses		(38,018)	(63,020)
Administration and other expenses		(425,830)	(311,682)
Software development		(734,952)	(432,468)
Finance expenses		(3,406)	(86,643)
		<u>(6,909,656)</u>	<u>(5,532,529)</u>
<b>Loss before income tax</b>		<b><u>(4,748,183)</u></b>	<b><u>(4,480,161)</u></b>
Income tax expense		-	-
<b>Loss for the year</b>		<b><u>(4,748,183)</u></b>	<b><u>(4,480,161)</u></b>
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive loss for the year</b>		<b><u>(4,748,183)</u></b>	<b><u>(4,480,161)</u></b>
		Cents	Cents
<b>Loss per share attributable to the ordinary equity holders of the company:</b>			
Basic loss per share	12	(2.65)	(2.90)
Diluted loss per share	12	(2.65)	(2.90)

*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 30 June 2018**

		Year ended	
	Notes	30 June 2018	30 June 2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,729,064	3,209,838
Trade and other receivables	5	833,849	401,406
<b>Total current assets</b>		<b>3,562,913</b>	<b>3,611,244</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	34,586	33,868
Other non-current assets		16,589	16,587
<b>Total non-current assets</b>		<b>51,175</b>	<b>50,455</b>
<b>Total assets</b>		<b>3,614,088</b>	<b>3,661,699</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	479,407	574,395
Employee benefit obligations	8	199,623	150,926
Deferred revenue	9	74,383	113,010
<b>Total current liabilities</b>		<b>753,413</b>	<b>838,331</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	8	5,875	2,332
<b>Total non-current liabilities</b>		<b>5,875</b>	<b>2,332</b>
<b>Total liabilities</b>		<b>759,288</b>	<b>840,663</b>
<b>Net assets</b>		<b>2,854,800</b>	<b>2,821,036</b>
<b>EQUITY</b>			
Share capital	10(a)	20,439,014	16,033,935
Reserve	10(b)	1,428,928	1,836,133
Accumulated losses		(19,013,142)	(15,049,032)
<b>Total equity</b>		<b>2,854,800</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 year ended 30 June 2018**

	Notes	Share Capital \$	Reserve \$	Accumulated losses \$	Total \$
<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 year		-	-	(4,480,161)	(4,480,161)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(4,480,161)</b>	<b>(4,480,161)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	10(a)	1,300,000	-	-	1,300,000
Shares issued – options exercised	10(a)	78,406	(28,538)	-	49,868
Share-based payment expense	10(b)	-	316,621	-	316,621
Total		1,378,406	288,083	-	1,666,489
<b>Balance at 30 June 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 year		-	-	(4,748,183)	(4,748,183)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(4,748,183)</b>	<b>(4,748,183)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	10(a)	4,539,048	-	-	4,539,048
Shares issued – options exercised	10(a)	36,243	-	-	36,243
Capital raising costs	10(a)	(170,212)	-	-	(170,212)
Share-based payment expense	10(b)	-	376,868	-	376,868
Options expired	10(b)	-	(784,073)	784,073	-
Total		4,405,079	(407,205)	784,073	4,781,947
<b>Balance at 30 June 2018</b>		<b>20,439,014</b>	<b>1,428,928</b>	<b>(19,013,142)</b>	<b>2,854,800</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 2018**

		Year ended	
	Notes	30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,540,098	800,156
Payments to suppliers and employees		(6,689,886)	(5,310,870)
Interest and other costs of finance paid		(5,224)	(4,179)
Other income		13,584	70,300
R&D claim		287,247	252,136
<b>Net cash outflow from operating activities</b>	11	<b><u>(4,854,181)</u></b>	<b><u>(4,192,457)</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(14,651)	(31,691)
<b>Net cash outflow from investing activities</b>		<b><u>(14,651)</u></b>	<b><u>(31,691)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		4,575,292	49,868
Capital raising costs		(187,234)	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash inflow from financing activities</b>		<b><u>4,388,058</u></b>	<b><u>49,868</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b><u>(480,774)</u></b>	<b><u>(4,174,280)</u></b>
Cash and cash equivalents at the beginning of the financial year		3,209,838	7,384,118
<b>Cash and cash equivalents at end of period</b>	4	<b><u>2,729,064</u></b>	<b><u>3,209,838</u></b>

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

## 1 Summary of significant accounting policies

### (a) Corporate information

The Preliminary Final Report covers the entity ApplyDirect Limited (the 'company'). The company is a provider of customer branded recruitment marketing platforms and related digital marketing services.

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 measure requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalent to the 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

The company's Preliminary Final Report has 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 Preliminary Final Report of the ApplyDirect Limited company also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

The Preliminary Final Report has 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 company

The company has adopted all new mandatory standards and interpretations for the current reporting period. The adoption of these standards and interpretations did not result in a material change on the reported results and position of the consolidated entity, as they did not result in any changes to the company's existing accounting policies.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted 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.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.	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.  The Company will adopt this standard from 1 July 2018.

**ApplyDirect Limited**  
**Notes to the financial statements 30 June 2018**  
(continued)

**1 Summary of significant accounting policies (continued)**

**(b) Basis of preparation (continued)**

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
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 recognized 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.	When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 July 2018.  The Company will adopt this standard from 1 July 2018.
AASB 16 Leases	AASB16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. replaces AASB 117 Leases and some lease-related Interpretations. Provides new guidance on the application of the definition of lease and on sale and lease back accounting largely retains the existing lessor accounting. Requirements in AASB 117 requires new and different disclosures about leases.	At this stage, the company is not able to estimate the effect of the new rules on the company's financial statements. The company will make more detailed assessment of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. Expected date of adoption by the group: 1 July 2019.

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.

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

### **(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.

The company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

#### **(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 – Projects**

##### Timing of recognition

Revenue from fees for projects is recognised in the accounting period in which the services are rendered.

##### Measurement of revenue

Revenue is measured based on completion of each milestone.

### **(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 43.5% 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 38.5% 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.

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

### **(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.

### **(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**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 statement of financial position.

### **(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.

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

### **(k) Property, plant and equipment (continued)**

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.

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	2-5 years
Furniture and fittings	2-5 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.

### **(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.

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

### **(p) Employee benefits**

#### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave 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 statement of financial position.

#### **(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. Re-measurements 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 statement of financial position 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 collectively known as employee equity incentive plan ("EEIP").

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).

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.

## 1 Summary of significant accounting policies (continued)

### (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 statement of financial position.

### (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.

#### (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.

## 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 financial report.

## 3 Other income

The company derives the following types of revenue:

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Research and development income	424,916	287,658
Interest income	13,028	70,380
<b>Total other income</b>	<b>437,944</b>	<b>358,038</b>

**ApplyDirect Limited**  
**Notes to the financial statements 30 June 2018**  
(continued)

**4 Cash and cash equivalents**

	Year ended	
	30 June 2018 \$	30 June 2017 \$
Cash at bank	<u>2,729,064</u>	<u>3,209,838</u>

**5 Trade and other receivables**

	Year ended	
	30 June 2018 \$	30 June 2017 \$
<b>Current</b>		
Trade receivables	378,673	66,592
GST receivable	-	34,221
Prepayments	30,260	13,346
R&D tax claim receivable	424,916	287,247
	<u>833,849</u>	<u>401,406</u>

**6 Property, plant and equipment**

	Year ended	
	30 June 2018 \$	30 June 2017 \$
<b>Plant and equipment</b>		
Cost or fair value	74,927	77,974
Accumulated depreciation	(40,341)	(44,106)
	<u>34,586</u>	<u>33,868</u>
Opening net book amount	33,868	8,691
Additions	13,319	31,691
Disposals	(45)	-
Depreciation charge	(12,556)	(6,514)
	<u>34,586</u>	<u>33,868</u>

**7 Trade and other payables**

	Year ended	
	30 June 2018 \$	30 June 2017 \$
<b>Current</b>		
Trade payables	238,310	397,324
GST payable	7,422	-
Other payables	233,675	177,071
	<u>479,407</u>	<u>574,395</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.

## 8 Employee benefit obligations

	Year ended	
	30 June 2018	30 June 2017
<b>Current</b>		
Employee benefit obligations	\$ 199,623	\$ 150,926
<b>Non-current</b>		
Employee benefit obligations	5,875	2,332
<b>Total employee benefit obligation</b>	<b>205,498</b>	<b>153,258</b>

Current employee benefit obligations include long service leave for staff with more than six years of tenure.

## 9 Deferred revenue

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Unearned website subscription revenue paid in advance	<b>74,383</b>	113,010

## 10 Equity

### (a) Share capital

	30 June 2018 Shares	30 June 2018 \$	30 June 2017 Shares	30 June 2017 \$
Ordinary shares - fully paid	<b>222,299,656</b>	<b>20,439,014</b>	171,463,134	16,033,935
<b>Total share capital</b>	<b>222,299,656</b>	<b>20,439,014</b>	171,463,134	16,033,935

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.

### Movements in ordinary shares:

Details	Note	Number of shares	\$
<b>30 June 2017</b>			
Opening balance		164,521,823	14,655,529
Shares issued	10(a)(i)	6,941,311	1,349,868
Transfer from reserve for value of options exercised		-	28,538
Closing balance		<b>171,463,134</b>	<b>16,033,935</b>
<b>30 June 2018</b>			
	Note	Number of shares	\$
Opening balance		171,463,134	16,033,935
Shares issued	10(a)(ii)	50,433,821	4,539,048
Transfer from reserve for value of options exercised	10(a)(ii)	402,701	36,243
Capital raising costs		-	(170,212)
Closing balance		<b>222,299,656</b>	<b>20,439,014</b>

## 10 Equity (continued)

### (a) Share capital (continued)

#### Movements in ordinary shares: (continued)

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

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	441,311	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>

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

Date	Details	Number	Issue price \$	Value \$
21 December 2017	Issue of shares to sophisticated investors	28,432,546	0.09	2,558,929
12 January 2018	Issue of shares from exercise of options	336,438	0.09	30,279
29 January 2018	Issue of shares to sophisticated investors	9,988,766	0.09	898,989
5 February 2018	Issue of shares to sophisticated investors	11,456,955	0.09	1,031,130
7 February 2018	Issue of shares from exercise of options	66,263	0.09	5,964
16 February 2018	Issue of shares to sophisticated investors	555,554	0.09	50,000
		<b>50,836,522</b>		<b>4,575,291</b>

### (b) Reserve

	Year ended	
	30 June 2018 \$	30 June 2017 \$
Reserve	<b>1,428,928</b>	1,836,133
<b>Movements in reserve</b>		
Opening balance	1,836,133	1,548,050
Share based payments - relating to options issued	376,868	316,621
Options expired	(784,073)	-
Options exercised	-	(28,538)
Closing balance	<b>1,428,928</b>	<b>1,836,133</b>

## 10 Equity (continued)

### (b) Reserve (continued)

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

Date	Details	Number	Value (\$)
6-Oct-17	Options forfeited	(365,043)	(10,554)
21-Dec-17	Capital Raise Options Issued - Tranche 1 - Dec 17	14,216,273	-
12-Jan-18	Options Exercised	(336,438)	-
29-Jan-18	Capital Raise Options Issued - Tranche 2 - Jan 18	4,994,382	-
07-Feb-18	Options Exercised	(66,263)	-
20-Feb-18	Capital Raise Options Issued - Tranche 2 - Jan 18	277,777	-
09-Mar-18	ESOPs Issued	1,625,000	3,522
22-Jun-18	Options Expired	(233,766)	(3,818)
22-Jun-18	Options Expired	(233,766)	(24,312)
22-Jun-18	Options Expired	(467,532)	(47,221)
27-Jun-18	Options Expired	(1,650,348)	(106,722)
30-Jun-18	Issue of options under ESOP to employees	-	383,900
30-Jun-18	Options Expired	(1,200,000)	(120,400)
30-Jun-18	Options Expired	(1,200,000)	(120,400)
30-Jun-18	Options Expired	(3,600,000)	(361,200)
		<b>11,760,276</b>	<b>(407,205)</b>

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

Date	Details	Number	Value (\$)
19-Aug-16	Issue of options on conversion of convertible notes	125,000	-
23-Aug-16	Issue of options on conversion of convertible notes	750,000	-
5-Sep-16	Issue of options on conversion of convertible notes	750,000	-
9-Sep-16	Issue of options on conversion of convertible notes	250,000	-
12-Sep-16	Issue of options under ESOP to employees and consultants	3,666,667	121,097
12-Sep-16	Issue of options under ESOP to employees and consultants	3,666,667	101,730
12-Sep-16	Issue of options under ESOP to employees and consultants	3,666,666	83,240
29-Sep-16	Issue of options on conversion of convertible notes	500,000	-
29-Sep-16	Options exercised under ESOP to employees and consultants	(441,311)	(28,538)
7-Oct-16	Issue of options on conversion of convertible notes	1,000,000	-
10-Oct-16	Options exercised under ESOP to employees and consultants	464,401	5,010
14-Oct-16	Issue of options on conversion of convertible notes	50,000	-
29-Nov-16	Issue of options on conversion of convertible notes	1,000,000	-
2-Dec-16	Issue of options on conversion of convertible notes	950,000	-
2-Dec-16	Issue of options under ESOP to employees and consultants	365,046	10,554
12-Dec-16	Issue of options on conversion of convertible notes	250,000	-
19-Dec-16	Issue of options on conversion of convertible notes	875,000	-
5-May-17	Options forfeited	(464,401)	(5,010)
		<b>17,423,735</b>	<b>288,083</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 or services received but not exercised.

## 10 Equity (continued)

As of the date of this report, the company has the following unlisted options in existence:

Grant date	Expiry date	Exercise price (\$)	No. of options
19-Jul-11	19-Jul-18	0.07	233,766
27-Jul-12	27-Jul-18	0.11	825,174
24-Sep-13	23-Sep-18	0.33	194,808
16-Dec-13	16-Dec-18	0.17	1,200,000
28-Apr-15	28-Apr-20	0.28	15,000,000
30-Apr-15	30-Apr-20	0.33	3,405,000
28-Sep-15	28-Sep-20	0.33	750,000
17-Jun-16	16-Jun-19	0.25	250,000
19-Aug-16	18-Aug-19	0.25	125,000
23-Aug-16	23-Aug-19	0.25	750,000
5-Sep-16	4-Sep-19	0.25	750,000
9-Sep-16	8-Sep-19	0.25	250,000
12-Sep-16	11-Sep-20	0.60	3,666,667
12-Sep-16	11-Sep-20	0.85	3,666,667
12-Sep-16	11-Sep-20	1.20	3,666,666
29-Sep-16	29-Sep-19	0.25	500,000
7-Oct-16	5-Oct-19	0.25	1,000,000
14-Oct-16	13-Oct-19	0.25	50,000
29-Nov-16	28-Nov-19	0.25	1,000,000
2-Dec-16	1-Dec-19	0.25	950,000
12-Dec-16	11-Dec-19	0.25	250,000
19-Dec-16	18-Dec-19	0.25	875,000
21-Dec-17	20-Dec-19	0.09	13,879,834
29-Jan-18	28-Jan-20	0.09	4,928,119
20-Feb-18	19-Feb-20	0.09	277,777
9-Mar-18	8-Mar-22	0.09	1,625,000
			<b>60,069,478</b>

## 11 Cash flow information

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

	30 June 2018	30 June 2017
	\$	\$
Loss for the year	(4,748,183)	(4,480,161)
Adjustment for		
Depreciation	12,556	6,514
Convertible note – deemed interest	-	85,980
Share-based payment expense	376,868	316,621
Change in operating assets and liabilities:		
Movement in trade receivables	(312,081)	35,306
Movement in other current assets	(120,362)	129,470
Movement in accounts payable	(159,014)	(357,720)
Movement in fees in advance	(38,627)	21,499
Movement in provisions	52,240	26,579
Movement in other current liabilities	82,422	23,454
Net cash outflow from operating activities	<b>(4,854,181)</b>	<b>(4,192,457)</b>

**12 Loss per share**

**(a) Basic and diluted loss per share**

	Year ended	
	30 June 2018	30 June 2017
	Cents	Cents
Basic loss per share (cents)	(2.65)	(2.90)
Diluted loss per share (cents)	(2.65)	(2.90)

**(b) Net loss**

The net loss used in the calculation of basic and diluted earnings per share is \$4,748,183 (2017: \$4,480,161).

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

	Year ended	
	30 June 2018	30 June 2017
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>178,917,576</b>	154,655,260

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.

As at the date of this report, a total of 60,069,478 of potential additional ordinary shares (from outstanding options and convertible notes) have not been included in the dilution calculation as they are determined as anti-dilutive.