



# Annual Report **2016**



**ApplyDirect**

Better Candidates. Lower Cost

ABN 29 123 129 162

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# Chairman's Letter

Dear Shareholder

## Introduction

On behalf of the Board of ApplyDirect Limited (**ApplyDirect or the Company**), I am delighted to present to you our first Annual Report as an ASX listed company.

ApplyDirect is a marketplace where employers and candidates can discover each other directly. We give control back to candidates and employers.

We aim to provide employers with fast, direct access to high quality talent at a lower cost, with less hassle and in a way which cuts out the middle man. The employment process is inefficient and replete with agencies which add significantly to the time and cost of employment. ApplyDirect does away with the need for agencies and seamlessly allows candidates and employers to connect with each other.

Jobseekers discover the job they've always wanted but could never find, or access. We connect them with companies actually looking for candidates – organisations for which they want to work. We give candidates the platform and tools to develop their careers and secure the job that is right for them.

We aim to end the inefficiencies that exist in the market today, providing candidates and employers with a better experience. Our search engine assesses, consolidates and catalogues job listings and makes them easily available to the right candidates. Our platform takes the stress out of looking for the right job, and brings strong talent straight to an employer's door.

## Summary of FY2016

The financial year ended 30 June 2016 (**FY2016**) was pivotal for the Company as we completed our Initial Public Offering (**IPO**) and successful listing on the Australian Securities Exchange (**ASX**) during the final quarter of the year. The market's initial response to the IPO and ASX listing has been very positive. However, our work is only just beginning.

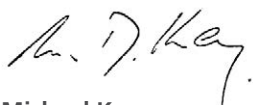
Through the IPO, substantial new capital has been injected into the business. ApplyDirect ended the year with over \$7.3 million in cash on our balance sheet, up from less than \$0.1 million at the beginning of the year. This capital will be used in the pursuit of our strategic objectives, which include increasing brand awareness, increasing our share of available jobs and candidates and monetising the platform.

Our net loss for the year, of almost \$3.5 million (up from a loss of almost \$1.3 million the previous year), was attributable, in significant part, to the professional and other fees associated with the IPO and marketing expenditure.

I am very pleased to report that ApplyDirect has made significant progress with respect to the development of an executive sales and marketing team. Our new Chief Executive Officer, Lorcan Barden, has now commenced in his new role, and brings exceptional capabilities in strategy and execution to ApplyDirect.

To our shareholders, I would like to say thank you for your support and for your continuing interest in ApplyDirect. All of us at ApplyDirect are working hard to use the funds raised in the IPO to bring this unique product to the market. We are confident that as we assemble the right sales and marketing capability, significant progress will be achieved in building market share and monetising the platform, with strong momentum expected in the second half of FY2017 and beyond.

Yours faithfully



**Michael Kay**  
Chairman

# Review of Operations

## Operational review

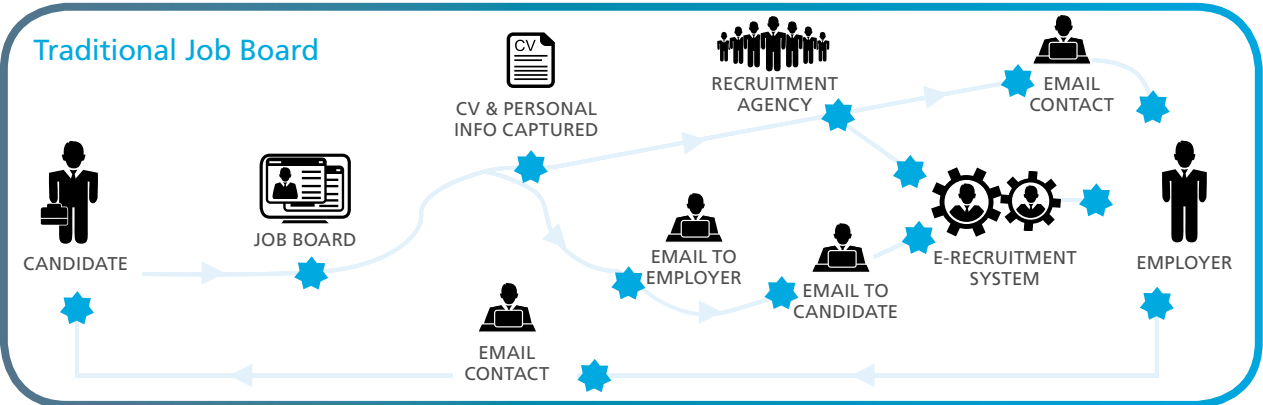
The financial year ended 30 June 2016 was a transformational year for ApplyDirect, with the Company having successfully completed its IPO and ASX listing in June 2016, which provides a platform for ApplyDirect to pursue its strategic objectives in FY2017 and beyond.

ApplyDirect is an innovative database and search platform that facilitates direct recruitment by employers.

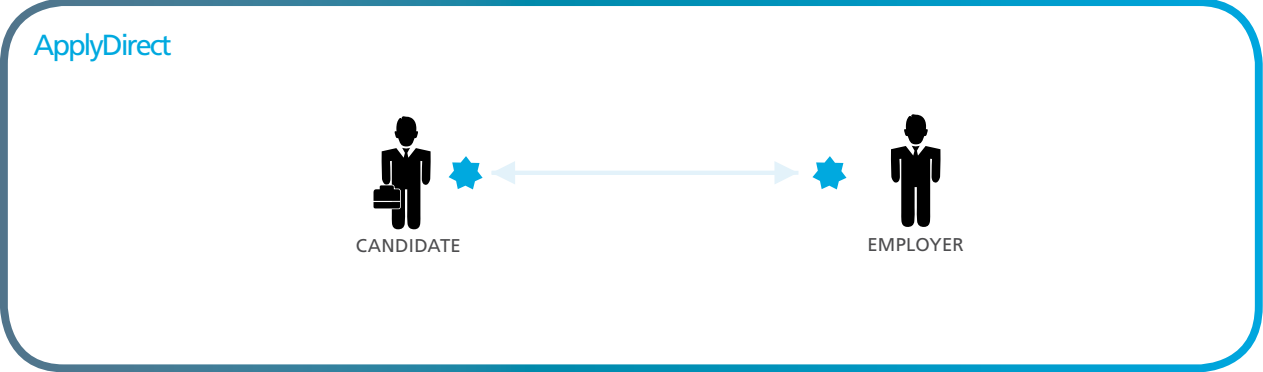
Direct recruitment eliminates the need for intermediaries (for example, recruitment consultants) in the recruitment process as the employers communicate directly with potential employees (and vice versa).

Evidence of the trend to direct recruitment is apparent from the number of companies, organisations and governments that have career pages on their website. The websites are typically linked to applicant tracking and other HR software to efficiently and effectively deal with employment candidates that contact them directly. ApplyDirect expects this trend in recruitment to continue as more employers, both large and small, realise the cost savings, efficiencies and other benefits of recruiting directly via their own websites.

Traditional on-line 'job boards' tend to replicate the inefficiencies of conventional recruitment processes as highlighted in the following graphic:



The ApplyDirect model connects employers directly with applicants to simplify and streamline the recruitment process.



The core aspect of the ApplyDirect business model is its central database of jobs (created by directly uploading the details of each job listed on the respective employers' websites). No recruitment agencies or other intermediaries are permitted to place job advertisements in the central database.

To establish a market presence, ApplyDirect's initial strategy was to provide free access to employers to trial the platform. The strategy, which has been rolled out over a number of years, has resulted in over 700 employers being given access to the ApplyDirect platform on an unpaid basis. ApplyDirect considers this has been successful. By making available job opportunities from these 700 employers, ApplyDirect has been able to build a large community of job candidates using the platform, comprising more than 10 million users, measured by individual IP addresses.

These employers, who represent many hundreds of thousands of workers, have helped prove the concept and value of the ApplyDirect model in terms of efficiency, candidate quality and cost. The number of job candidates using the ApplyDirect platform has underpinned the effectiveness of the platform in sourced job candidates for employers. ApplyDirect estimates that it is now processing approximately 15% of the advertised jobs in the Australian market, although the majority of these are currently on an unpaid basis.

Despite very limited marketing resources, ApplyDirect has converted a number of trial employers into paying subscribers, acquired new subscription customers and opened the ApplyDirect platform to smaller employers and one-off job advertisements.

The ApplyDirect platform is readily scalable and, as such, the major costs likely to be incurred by ApplyDirect in generating its revenues are the employment and other indirect costs of its sales, marketing and business development teams, the costs of its multimedia sales, marketing and brand recognition / awareness campaigns, systems development and upgrade costs and occupancy expenses.

Over time, if, as expected by ApplyDirect, the community of users (both employers and job candidates) continues to grow, it is envisaged that other revenue streams will become available from advertisers and other stakeholders with an interest in the user community.

### Financial review

The net loss for ApplyDirect for FY2016 amounted to \$3,457,790 (FY2015: \$1,280,975).

The FY16 results include a significant amount of non-recurring expenses and one-off costs relating to the IPO.

Revenue for FY2016 was \$886,622 (FY2015: \$890,912).

ApplyDirect has used cash and cash equivalents, held at the time of its ASX listing, in a way consistent with its stated business objectives. The cash and cash equivalents at 30 June 2016 was \$7,384,118 (30 June 2015: \$78,236).

Net tangible assets as at 30 June 2016 were \$5,634,708 (30 June 2015: \$(192,047)).

# Directors' Report

30 June 2016

Your Directors present their report on the Company for the year ended 30 June 2016.

## Directors and Company Secretary

The following persons were Directors and Company Secretary of ApplyDirect Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Michael Kay (Chairman)

Mr Bryan Petereit (Chief Executive Officer & Executive Director)

Mr Drew Ilsley (Non-Executive Director)

Mr Anthony Charles (Independent Non-Executive Director) – *appointed on 22 June 2016*

Mr Phillip Hains (Company Secretary) – *appointed on 12 November 2015*

## Principal activities

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

## Dividends

No dividends have been paid or declared by the Company since the beginning of the financial year. No dividends were paid for the previous financial year.

## Risks related to our business

The Company is subject to normal business risks, including, but not limited to, interest rate movements, government policies, securities market conditions, and a range of other factors which are outside the control of the Board and Management.

More specific material risks of the operating sector and the Company include, but are not limited to:

<b>Competition</b>	ApplyDirect operates in a competitive industry which is subject to increasing competition from companies in Australia and throughout the world, through a combination of established organisations and new entrants to the market. ApplyDirect cannot predict the timing and scale of its competitors' actions or whether new competitors will emerge in the on-line recruitment advertising market.
<b>Failure to protect intellectual property</b>	The Company's proprietary cataloguing system and search engine are not protected through any patent or other form of registered intellectual property. ApplyDirect considers that, in practical terms, its proprietary cataloguing system and search engine are not likely to be capable of intellectual property registration. A lack of registered protection is likely to enhance the risk that ApplyDirect's intellectual property may be the subject of unauthorised disclosure or unlawfully infringed. ApplyDirect may need to incur substantial costs in monitoring, asserting or defending its intellectual property rights.
<b>Cyber security, computer crime and privacy breaches</b>	Increased cyber security threats and computer crime also pose a potential risk to the security of ApplyDirect's information technology systems, including those of contracted third party service providers, as well as the confidentiality, integrity and availability of the data stored on those systems. Any breach in information technology security systems could result in the disclosure or misuse of confidential or proprietary information, including sensitive employer, employee or investor information maintained in the ordinary course of business. Any such event could cause damage to reputation, loss of valuable information or loss of revenue and could result in large expenditures to investigate or remediate, to recover data, to repair or replace networks or information systems, or to protect against similar future events.
<b>Failure to execute strategic initiatives/ operating costs and margins</b>	The Company's strategy involves a significant expansion of its sales, marketing and business development teams. It will involve the Company in the recruitment of additional senior management personnel and the undertaking of an extensive multi-media brand recognition and awareness campaign. The ability of ApplyDirect to achieve growth of its business is dependent on the successful implementation of the Company's growth strategies, business plans and strategic initiatives. An inability to successfully implement these plans and initiatives, whether wholly or partially, could adversely affect the Company's operating and financial performance.

### Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

- Share split on a 4:1 basis on 30 November 2015
- Share consolidation on a 3:4 basis on 18 January 2016
- The Company successfully listed on the Australian Stock Exchange on 21 June 2016

### Event since the end of the financial year

On 12 September 2016, Mr Lorcan Barden commenced as the Company's new Chief Executive Officer.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

### Likely developments and expected results of operations

There were no likely developments in the operations of the Company that were not finalised at the date of this report.

### Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

### Information on directors

Michael Kay   Chairman	
Experience and expertise	Michael was Chief Executive Officer and Managing Director of listed salary packaging company, McMillan Shakespeare Ltd, a position he held for six years. Previously Michael had been CEO of the national insurer, AAMI, after serving in a variety of senior roles with that company. Prior to joining AAMI, Michael spent 12 years in private legal practice. Michael is a Director of Royal Automobile Club Insurance (WA), IMF Bentham Limited and TFS Corporation Ltd. He is a former member of the Commonwealth Consumer Affairs Advisory Council, the Administrative Law Committee of the Law Council of Australia, the Victorian Government Finance Industry Council and the Committee for Melbourne. Michael holds a Bachelor of Laws from the University of Sydney.
Current or Former Directorships held in other listed entities within the last 3 years	McMillan Shakespeare Ltd
Interests in shares and options	1,500,000 ordinary shares 15,000,000 options over ordinary shares 100,000 convertible notes
Bryan Petereit   Chief Executive Officer & Executive Director	
Experience and expertise	Bryan is the founder of ApplyDirect. Bryan commenced his working career with IBM Australia. Subsequently, he worked in the IT sector in management roles with Ferntree Computer Corporation and, following its acquisition, with the IT division of GE Capital. Prior to his current role at ApplyDirect, Bryan commenced, ran and ultimately sold (to the Finite Group) his own IT recruitment business. Bryan holds a Master of Applied Finance from Macquarie University and a Bachelor of Science Degree, major in Computer Science.
Current or Former Directorships held in other listed entities within the last 3 years	None
Interests in shares and options	20,681,967 ordinary shares Nil options over ordinary shares Nil convertible notes



## Drew Ilsley | Non-Executive Director

<b>Experience and expertise</b>	Drew has had an extensive career assisting growth companies achieve their corporate objectives. With thirty years' experience spanning chartered accounting, investment banking, small cap fund management and private equity, Drew has extensive experience in the areas of strategy and corporate advice. Drew successfully advised, and was a Non-Executive Director of, ASX listed managed security services provider, Securenet Ltd, which reached a market capitalisation in excess of A\$1 billion before being acquired by the US listed Betrusted Inc. Drew has a Bachelor of Commerce from the University of Melbourne and was a practising member of the Institute of Chartered Accountants for many years.
<b>Current or Former Directorships held in other listed entities within the last 3 years</b>	None
<b>Interests in shares and options</b>	2,001,369 ordinary shares 4,694,004 options over ordinary shares Nil convertible notes

## Anthony Charles | Independent Non-Executive Director

<b>Experience and expertise</b>	Over the last 20 years Anthony has guided the communications and commercial rights strategies of some of Australia's largest brands including Cricket Australia, the AFL, NRL, MCC and many others. Most recently, Anthony was Group Managing Director, rights management, sponsorship and production at Aegis Media after being with the combined group for over 13 years. During that period Anthony started Stadia Media, Australia's largest sports advertising business, for Mitchell & Partners (now Dentsu Aegis). At Dentsu Aegis, Anthony also had responsibility for acquisition integration as well as a number of business start-ups. Anthony has wide experience and contacts in the media strategy, buying and advertising areas. Anthony has a Bachelor of Business, Marketing from Monash University.
<b>Current or Former Directorships held in other listed entities within the last 3 years</b>	None
<b>Interests in shares and options</b>	250,000 ordinary shares 250,000 options over ordinary shares Nil convertible notes

## Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

Director	Full Board		Audit and Risk Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Kay	6	6	–	–	–	–
Bryan Petereit	6	6				
Drew Ilsley	6	6	–	–	–	–
Anthony Charles	1	1	–	–	–	–



### Remuneration report

The Directors present the ApplyDirect Limited 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The report is structured as follows:

- (a) Principles used to determine the nature and amount of remuneration
- (b) Details of remuneration
- (c) Service agreements
- (d) Share-based compensation
- (e) Relationship between the remuneration policy and company performance
- (f) Key management personnel disclosures

#### (a) Principles used to determine the nature and amount of remuneration

##### Remuneration governance

Remuneration in respect of directors and executives of the Company is overseen by the full Board of Directors of ApplyDirect Limited.

The Board of Directors of the Company will ensure that the Company has coherent remuneration policies and practices to attract, motivate and retain executives and directors who will create value for shareholders and who are appropriately skilled and diverse; observe those remuneration policies and practice; fairly and responsibly reward executives having regard to the Company and individual performance, the performance of the executives and the general external pay environment; and integrate human capital and organisational issues into its overall business strategy.

Remuneration will be reviewed on at least an annual basis with consideration given to individuals' performance and their contribution to the Company's success (against measurable key performance indicators), external market relativities, shareholders' interests and desired market positioning.

The Board will review the remuneration of executive and non-executive directors and other executives having regard to any recommendations made by the Chief Executive Officer of the Company and other external advisers.

##### Executive remuneration

Executive remuneration consists of fixed remuneration, equity-based remuneration, and termination payments such as superannuation. Superannuation contributions are paid into the executive's nominated superannuation fund.

##### Non-executive director remuneration

Non-executive director remuneration consists of fixed remuneration, equity-based remuneration and superannuation.

##### Fixed remuneration

Executive and non-executive directors are offered a competitive level of base pay which comprises the fixed (unrisky) component of their pay and rewards, which should be reasonable and fair; take into account the Company's legal and industrial obligations and labour market conditions; be relative to the scale of the Company's business; reflect core performance requirements and expectations; and take into account incumbent skills and experience, and the time commitment and responsibilities of the role.

##### Variable performance-based remuneration

The Company does not pay any variable performance-based remuneration to its directors and executives.

##### Termination payments

All directors and executives are not entitled to retirement benefits other than superannuation or those required under law.

##### Securities trading policy

The trading of Company's securities by employees and directors is subject to, and conditional upon, the Policy for Trading in Company Securities which is available on the Company's website at <http://www.applydirect.com.au>.

## Remuneration report (continued)

### (b) Details of remuneration

#### Amounts of remuneration

Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company receiving the highest remuneration. Details of the remuneration of the KMP of the Company are set out in the following tables.

The following persons held office as Directors of ApplyDirect Limited during the financial year:

Mr Michael Kay	Chairman
Mr Bryan Petereit	Chief Executive Officer & Executive Director
Mr Drew Ilsley	Non-Executive Director
Mr Anthony Charles	Independent Non-Executive Director

There are no other Key Management Personnel other than those stated above.

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments				
	Cash salary and fees \$	Bonus and non-monetary \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity settled shares \$	Equity settled options \$	Total \$	% of total remuneration not related to performance
<b>2016</b>									
<b>Directors:</b>									
Bryan Petereit	155,114	–	–	14,736	–	–	23,333	193,183	100%
Michael Kay	3,422	–	–	–	–	–	–	3,422	100%
Drew Ilsley	47,905	–	–	–	–	100,000	23,333	171,238	100%
Anthony Charles (appointed 22 June 2016)	995	–	–	–	–	–	–	995	100%
	<b>207,436</b>	<b>–</b>	<b>–</b>	<b>14,736</b>	<b>–</b>	<b>100,000</b>	<b>46,666</b>	<b>368,838</b>	<b>100%</b>

## Remuneration report (continued)

### (b) Details of remuneration (continued)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total \$	% of total remuneration not related to performance
	Cash salary and fees \$	Bonus and non-monetary \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity settled shares \$	Equity settled options \$		
2015									
Directors:									
Bryan Petereit	150,000	—	—	14,250	—	—	—	164,250	100%
Michael Kay	—	—	—	—	—	—	345,000	345,000	100%
Drew Ilsley	—	—	—	—	—	—	4,667	4,667	100%
	150,000	—	—	14,250	—	—	349,667	513,917	100%

### (c) Service agreements

#### Executives

Name:	Michael Kay
Title:	Chairman
Agreement commenced:	6 March 2015
Term of agreement:	Open
Details:	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the Company or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of his retirement or any unexpired portion of the term of his appointment.
Name:	Bryan Petereit
Title:	Chief Executive Officer & Executive Director
Agreement commenced:	Completion of Public Offering
Term of agreement:	Open
Details:	Termination period of notice is 12 months. In case of termination, the Company may pay the Director an amount equivalent to the remuneration package for part or all of the period of notice not given or required to be served unless the termination is a result of fraud, misconduct or other exceptions specified in the agreement.

## Remuneration report (continued)

### (c) Service agreements (continued)

#### Non-executive directors

<b>Name:</b>	Drew Ilsley
<b>Title:</b>	Non-Executive Director
<b>Agreement commenced:</b>	22 June 2011
<b>Term of agreement:</b>	Open
<b>Details:</b>	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the Company or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of his retirement or any unexpired portion of the term of his appointment.
<b>Name:</b>	Anthony Charles
<b>Title:</b>	Independent Non-Executive Director
<b>Agreement commenced:</b>	22 June 2016
<b>Term of agreement:</b>	Open
<b>Details:</b>	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the Company or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of his retirement or any unexpired portion of the term of his appointment.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Fees paid to Directors are reviewed annually by the Remuneration Committee. The committee considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each Director receives a fee for being a Director of the Company.

### (d) Share-based compensation

#### Issue of shares

Details of shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	No. of shares	Fair value (\$)	\$AUD
Bryan Petereit	—	—	—	—
Michael Kay	—	—	—	—
Drew Ilsley	16-Oct-15	600,000	0.17	100,000
Anthony Charles	—	—	—	—

The issue of shares to Mr Drew Ilsley during the year was the payment in lieu of his Director fees, and is not considered a performance-based remuneration.

## Remuneration report (continued)

### (d) Share-based compensation (continued)

#### Options

The number of options over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	No. of options granted during the year	No. of options granted during the prior year	No. of options vested during the year	No. of options vested during the prior year
Bryan Petereit	–	–	–	–
Michael Kay	–	15,000,000	15,000,000	–
Drew Ilsley	–	1,500,000	1,500,000	–
Anthony Charles	–	–	–	–

There have been no options over ordinary shares granted, exercised and lapsed for Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016.

Options granted carry no dividend or voting rights.

### (e) Relationship between the remuneration policy and company performance

Remuneration of Executives consists of unrisks element (base pay). As such, remuneration is not linked to the financial performance of the Company in the current or previous reporting periods.

Non-Executive Director's remuneration is not affected by the Company performance.

### (f) Key management personnel disclosures

#### Shareholding

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Company, including their personally related parties, is set out below:

30 June 2016	Balance at the start of the year	Received as part of remuneration	Purchases	Other	Balance at the end of the year
Bryan Petereit	20,681,967	–	–	–	20,681,967
Michael Kay	1,500,000	–	–	–	1,500,000
Drew Ilsley	–	600,000	1,401,369	–	2,001,369
Anthony Charles	–	–	–	250,000	250,000

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Company, including their personally related parties, is set out below:

30 June 2016	Balance at the start of the year	Granted as remuneration	Exercised	Other	Balance at the end of the year
Bryan Petereit	–	–	–	–	–
Michael Kay	15,000,000	–	–	–	15,000,000
Drew Ilsley	4,694,004	–	–	–	4,694,004
Anthony Charles	–	–	–	250,000	250,000

### Other transactions with key management personnel

During the year ended 30 June 2016, the Company repaid \$261,747 of borrowings (including interests) to a Director.

There were no other transactions with Key Management Personnel during the period not disclosed above.

### End of remuneration report

### Insurance of officers and indemnities

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Non-audit services

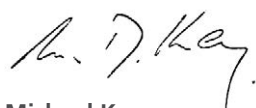
Details of the amounts paid or payable to the current and previous auditors for non-audit services provided during the year are set out below:

	Year ended	
	2016 \$	2015 \$
Other assurance services		
<b>Total remuneration for other assurance services</b>	–	–
<b>Taxation services</b>		
<b>Total remuneration for taxation services</b>	–	–
Other services		
Previous auditor	164,384	3,500
Current auditor	–	–
<b>Total remuneration for other services</b>	<b>164,384</b>	<b>3,500</b>
<b>Total remuneration for non-audit services</b>	<b>164,384</b>	<b>3,500</b>

### 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 13.

This report is made in accordance with a resolution of Directors.



**Michael Kay**  
Chairman

Date: 29 September 2016

# Auditor's Independence Declaration



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Melbourne Victoria 3000

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Melbourne Victoria 3001

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E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **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 audit of ApplyDirect Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in purple ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in purple ink that reads "Simon Trivett".

Simon Trivett  
Partner - Audit & Assurance

Melbourne, 29 September 2016

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# Corporate Governance

The Board is responsible for the overall corporate governance of ApplyDirect (Company). The Board monitors the operational and financial position and performance of ApplyDirect and oversees its business strategy, including approving the strategic goals of the Company and considering and approving a business plan and an annual budget.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of ApplyDirect.

In conducting ApplyDirect's business, the Board will seek to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that ApplyDirect and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing ApplyDirect, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for ApplyDirect's business and which are designed to promote the responsible management and conduct of ApplyDirect.

The ASX Recommendations articulate a number of core principles and associated recommendations that the ASX Corporate Governance Council believes underlie good corporate governance.

The Board endorses generally the ASX Recommendations and has considered the ASX Recommendations in determining an appropriate system of control and accountability, commensurate with these guidelines, to best fit its business and operations.

The Company will seek to follow the ASX Recommendations and, as required under the ASX Listing Rules, where the Company determines it would be inappropriate to follow the ASX Recommendations because of its circumstances (including as identified below), the Company will provide reasons for not doing so.

The Board intends to regularly review its corporate governance procedures and their appropriateness. The Company's corporate governance policies and procedures are available on the Company's website.

## Principle 1: Lay solid foundations for management and oversight

### Board Charter

The Board has adopted a written Charter to clarify the roles and responsibilities of Board members. This Charter addresses:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management; and
- the manner in which the Board monitors its own performance.

The role of the Board is to identify the expectations of Shareholders and the ethical and regulatory obligations of the Company.

The Board Charter formalises the functions and responsibilities of the Board. The Board is ultimately responsible for all matters relating to the running of the Company.

The responsibilities of the Board include:

- a) formulation, review and approval of the objectives and strategic direction of the Company;
- b) reviewing, monitoring and approving any related party transaction;
- c) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- d) approving all significant business transactions including acquisitions, divestments and capital expenditure;
- e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- f) review of performance and remuneration of Directors;
- g) review of performance and remuneration of the CEO/Managing Director; and
- h) the establishment and maintenance of appropriate corporate governance and ethical standards.

The Board has procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Responsibility for the operation and administration of the Company is delegated by the Board to the CEO/Managing Director and the Senior Management Team. The Board must ensure that the CEO/Managing Director and Senior Executives are appropriately qualified and experienced to discharge their responsibilities. The performance of the CEO/Managing Director and Senior Executives is assessed annually with reference to agreed milestones.

The Board intends to perform a strategic review of the Company and its business at regular intervals, considering the performance of both itself and individual Directors. This review will be carried out by the Board as a whole, with reference to Company strategy and previously agreed milestones.

### Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company will provide relevant information to Shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a Non-Executive Director, Executive Directors and Senior Executives are agreed upon and set out in writing at the time of appointment.

### The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### Diversity

The Company is committed, where practical, to increasing diversity amongst its employees, not just gender diversity. Our workforce is employed based on the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

Executive and board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when practical and appropriate to do so.

The Company has not set any gender specific diversity objectives as it believes that all categories of diversity are equally as important within its organisation.

The Company's diversity gender as at 30 June 2016 is detailed below:

- Women on the Board: 0 of 4 (0%)
- Women in Senior Executive positions: 0 of 5 (0%)
- Women in the organisation: 10 of 16 (63%)

### Encourage Enhanced Performance

The performance of the Board, individual Directors and Executive Officers of the Company is monitored and evaluated by the Board. The Board is responsible for conducting evaluations on a regular basis in line with these policy guidelines.

As the Company listed in late June 2016, a formal performance evaluation was not conducted by the Board during the year. It is intended that a Board and Executive evaluation will be conducted during the 2017 financial year.

During the year, all Directors have full access to all Company records and receive Financial and Operational Reports at each Board Meeting.

## Principle 2: Structure the Board to add value

### Board Structure

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated in the Company's Annual Report along with the term of office held by each.

Having regard to the indicators of independence set out in Principle 2.3 of the ASX Recommendations, the Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board currently consists of four members of which one is considered to meet the independence guidelines set out in the ASX recommendations.

The Board considers that Mr Anthony Charles is an Independent Director for the purpose of the ASX Recommendations as he is free from any interest, position, association or relationship that could materially interfere with or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

According to the ASX's recommendations, neither Mr Michael Kay (Chairman) nor Mr Bryan Petereit (CEO & Executive Director) is an Independent Director by virtue of their recent or current executive roles in the Company. While Mr Ilsley does not have an executive role in the Company, as a result of his long involvement in advising the Company on its strategic direction and fund raising, he is not considered to be an Independent Director.

Despite Mr Kay's recent short term executive position with the Company, which makes him non independent according to the ASX Recommendations, the Company believes that Mr Kay's wealth of experience and knowledge make him the most suitable person to occupy the position of Chairman of the Company at this time

The Company will appoint additional non-executive Director's to the Board in the future when it is appropriate to do so.

### Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Directors' duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## Principle 3: Act ethically and responsibly

### Code of Conduct

The Company's Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The policy outlines its requirements with respect to:

- relationships;
- compliance with laws and ethics;
- conflicts of interest;
- confidentiality; and
- use of Company assets.

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Risk Committee

The Board has established an Audit and Risk Committee, which operates under a Charter approved by the Board. The Audit and Risk Committee comprises all Board members (other than the Managing Director). The Board has determined that the most appropriate Director to Chair the Audit and Risk Committee is Mr Ilsley, who is not an Independent Director.

As members of the Board act on Board Committees, the size and the current composition of the Company's Board preclude the Company from complying with all ASX Recommendations relating to Board Committee composition.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit and Risk Committee during the year are set out in this statement and in the Directors' Report.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' report.

### CEO and CFO Declarations

The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Mr Petereit as CEO for the 2016 financial year has signed the declaration for the current year.

### External Auditor

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

### Principle 5: Making timely and balanced disclosure

#### Disclosure Policy

The Company's Disclosure Policy has been adopted with a view to ensuring that the Company complies with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policy highlights the requirements for immediate notification, the procedure for disclosing material information, the persons responsible for disclosing information and for ensuring compliance generally by the Company with its disclosure obligations.

The Chief Executive Officer and the Company Secretary are responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, Shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

The Company's Disclosure Policy can be viewed on the Company's website.

### Principle 6: Respect the rights of Shareholders

#### Shareholder Communication

The Company is committed to providing current and relevant information to its Shareholders.

The Board aims to ensure that Shareholders are informed of all major developments. The Shareholder Communication Policy outlines the processes and responsibilities for reports issued to Shareholders, ASX announcements, annual general meetings and the maintenance of Company specific information on the Company website.

The Company respects the rights of its Shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with Shareholders through releases to the market via ASX, the Company website, information mailed to Shareholders and the general meetings of the Company;
- giving Shareholders ready access to clear and understandable information about the Company; and
- making it easy for Shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for Shareholders to make enquiries of the Company. These contact details are available on the "contact us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

### Principle 7: Recognise and manage risk

#### Audit and Risk Management Policy

The Audit and Risk Management Policy outlines the composition of the Audit and Risk Committee, its responsibilities (in respect of the financial management, reporting, audit and the risk management systems of the Company), authorities, meeting requirements and reporting procedures.

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

The Audit and Risk Management Committee operates pursuant to a charter which provides for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Committee on a periodic basis.

The Company's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The Board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework was conducted during the 2016 financial year.

Management reports risks identified to the Board through regular operations reports, and via direct and timely communication to the Board where and when applicable. During the reporting period, Management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short-, medium- or long-term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Executive Director and CFO have given a statement to the Board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and controls based on the Company's risk management policies.

### Principle 8: Remunerate fairly and responsibly

#### Remuneration Policy

The Remuneration Policy outlines the composition of the Nomination and Remuneration Committee (consisting of the full Board of Directors), its responsibilities (in respect of the structure and composition of the Board and the remuneration policies of the Company), authorities, meeting requirements and reporting procedures.

The Nomination and Remuneration Committee comprises of the full Board of the Company. Given the current structure of the Board, the Board has determined that the presence of one Independent Director on Board Committees is sufficient.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with "Best Practice" as well as supporting the interests of Shareholders. Senior Executives may receive a remuneration package based on fixed and variable components (if determined appropriate) and determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance-based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

Key Management Personnel remuneration is disclosed in the Remuneration Report.

Key Management Personnel or closely related parties of Key Management Personnel are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

		Year ended	
	Notes	30 June 2016 \$	30 June 2015 \$
<b>Revenue</b>			
Operating revenue		628,997	648,258
Other income	3	257,625	242,654
		886,622	890,912
Employee benefits expense		(897,513)	(1,028,163)
Marketing expense		(1,353,406)	(465,473)
Professional fees		(1,154,285)	(80,902)
Travel expenses		(74,618)	(66,806)
Administration and other expenses		(248,799)	(126,611)
Software development		(491,638)	(377,832)
Finance expenses		(124,153)	(26,100)
		(4,344,412)	(2,171,887)
<b>Loss before income tax</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
Income tax expense	4	–	–
<b>Loss for the period</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		–	–
<b>Total comprehensive loss for the period</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
		Cents	Cents
<b>Loss per share attributable to the ordinary equity holders of the company:</b>			
Basic loss per share	15	(3.62)	(1.14)
Diluted loss per share	15	(3.62)	(1.14)

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

# Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	7,384,118	78,236
Trade and other receivables	6	566,182	444,686
<b>Total current assets</b>		<b>7,950,300</b>	<b>522,922</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	8,691	11,927
Other non-current assets		16,500	16,500
<b>Total non-current assets</b>		<b>25,191</b>	<b>28,427</b>
<b>Total assets</b>		<b>7,975,491</b>	<b>551,349</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	908,573	282,422
Borrowings	9	1,214,020	250,000
Employee benefit obligations	10	79,029	30,650
Deferred revenue	11	91,511	155,649
<b>Total current liabilities</b>		<b>2,293,133</b>	<b>718,721</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	10	47,650	24,675
<b>Total non-current liabilities</b>		<b>47,650</b>	<b>24,675</b>
<b>Total liabilities</b>		<b>2,340,783</b>	<b>743,396</b>
<b>Net assets/(liabilities)</b>		<b>5,634,708</b>	<b>(192,047)</b>
<b>EQUITY</b>			
Share capital	12(a)	14,655,529	5,607,414
Reserve	12(b)	1,548,050	1,311,620
Accumulated losses		(10,568,871)	(7,111,081)
<b>Total equity</b>		<b>5,634,708</b>	<b>(192,047)</b>

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



# Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share capital \$	Reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2014</b>		4,953,414	954,264	(5,830,106)	77,572
Loss for the period		–	–	(1,280,975)	(1,280,975)
<b>Total comprehensive income for the period</b>		–	–	<b>(1,280,975)</b>	<b>(1,280,975)</b>
Transactions with owners in their capacity as owners:					
Shares issued	12(a)	654,000	–	–	654,000
Share-based payment expense	12(b)	–	357,356	–	357,356
		654,000	357,356	–	1,011,356
<b>Balance at 30 June 2015</b>		<b>5,607,414</b>	<b>1,311,620</b>	<b>(7,111,081)</b>	<b>(192,047)</b>
Loss for the period		–	–	(3,457,790)	(3,457,790)
<b>Total comprehensive income for the period</b>		–	–	<b>(3,457,790)</b>	<b>(3,457,790)</b>
Transactions with owners in their capacity as owners:					
Shares issued	12(a)	9,600,000	–	–	9,600,000
Capital raising costs	12(a)	(551,885)	–	–	(551,885)
Share-based payment expense	12(b)	–	75,217	–	75,217
Value of conversion rights on convertible notes	12(b)	–	161,213	–	161,213
		9,048,115	236,430	–	9,284,545
<b>Balance at 30 June 2016</b>		<b>14,655,529</b>	<b>1,548,050</b>	<b>(10,568,871)</b>	<b>5,634,708</b>

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

# Statement of Cash Flows

For the year ended 30 June 2016

		Year ended	
		30 June 2016 \$	30 June 2015 \$
	Notes		
<b>Cash flows from operating activities</b>			
Receipts from customers		687,868	520,011
Payments to suppliers and employees		(3,544,299)	(1,636,015)
Interest and other costs of finance paid		(48,920)	(26,100)
Other income		5,900	27,274
R&D claim		215,380	140,713
<b>Net cash outflow from operating activities</b>	14	<b>(2,684,071)</b>	<b>(974,117)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	7	(3,047)	(4,678)
<b>Net cash outflow from investing activities</b>		<b>(3,047)</b>	<b>(4,678)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	12(a)	9,450,000	653,999
Capital raising costs		(557,000)	–
Proceeds from borrowings	9	1,350,000	250,000
Repayment of borrowings		(250,000)	–
<b>Net cash inflow from financing activities</b>		<b>9,993,000</b>	<b>903,999</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>7,305,882</b>	<b>(74,796)</b>
Cash and cash equivalents at the beginning of the financial year		78,236	153,032
<b>Cash and cash equivalents at end of period</b>	4	<b>7,384,118</b>	<b>78,236</b>

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

# Notes to the Financial Statements

30 June 2016

## 1 Summary of significant accounting policies

### (a) Corporate information

The financial statements cover the entity ApplyDirect Limited (the 'Company'). The Company's principle activity is providing an innovative on-line database and search platform that links employers and job candidates directly to live job opportunities on employer websites.

### (b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. ApplyDirect Limited is a for-profit entity for the purpose of preparing the financial statements.

### (i) Compliance with IFRS

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

### (ii) Historical cost convention

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

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

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

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

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been 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 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the Company has yet to undertake a detailed assessment of the classification and measurement of financial assets and financial liabilities, the Company does not expect the impact to be material.	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.

## 1 Summary of significant accounting policies (continued)

### (b) Basis of preparation (continued)

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

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
AASB 15 <i>Revenue from Contracts with Customers</i>	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	At this stage, the Company is not able to estimate the effect of the new rules on the company's financial statements. The Company will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 July 2018.

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

### (c) Going concern

The 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.

### (d) 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.

### (e) Revenue recognition

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

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

#### (i) Revenue from services – subscription revenue, website use

##### Timing of recognition

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

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

#### (e) Revenue recognition (continued)

##### (i) Revenue from services – subscription revenue, website use (continued)

###### Measurement of revenue

Subscription revenue is measured based on the underlying subscription agreement.

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

###### Timing of recognition

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

###### Measurement of revenue

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

#### (f) Government grants

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

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

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

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

#### (g) 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.

#### (h) 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.

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

#### (i) 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.

#### (j) 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.

#### (k) 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.

#### (l) Property, plant and equipment

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

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

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.

#### (m) 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.

#### (n) 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.

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

#### (o) 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.

#### (p) 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.

#### (q) 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the 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.

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.

#### (r) 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)

### (s) 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.

### (t) 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 as at 30 June 2016.

## 2 Segment information

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

## 3 Other income

The Company derives the following types of revenue:

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Research and development income	251,725	215,380
Management fee	–	27,274
Support services	5,900	–
<b>Total other income</b>	<b>257,625</b>	<b>242,654</b>

## 4 Income tax expense

### (a) Income tax expense

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Current tax	–	–
Adjustments for current tax of prior periods	–	–
Deferred tax	–	–
<b>Income tax expense</b>	<b>–</b>	<b>–</b>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Loss from continuing operations before income tax expense	(3,457,790)	(1,280,975)
Tax at the Australian tax rate of 30.0% (2015 – 30.0%)	(1,037,337)	(384,293)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable R&D rebate	(75,518)	(64,614)
Non-allowable expenses	203,683	111,302
Tax losses and other timing differences for which no DTA is recognised	909,172	337,605
<b>Income tax expense</b>	<b>–</b>	<b>–</b>

## 5 Cash and cash equivalents

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

## 6 Trade and other receivables

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>Current</b>		
Trade receivables	101,898	224,907
GST receivable	212,559	4,399
R&D tax claim receivable	251,725	215,380
	<b>566,182</b>	<b>444,686</b>

## 7 Property, plant and equipment

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>Plant and equipment</b>		
Cost or fair value	46,282	43,236
Accumulated depreciation	(37,591)	(31,309)
	<b>8,691</b>	<b>11,927</b>
Opening net book amount	11,927	13,052
Additions	3,046	4,678
Depreciation charge	(6,282)	(5,803)
	<b>8,691</b>	<b>11,927</b>

## 8 Trade and other payables

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Trade payables	754,956	–
Other payables	153,617	282,422
	<b>908,573</b>	<b>282,422</b>

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

## 9 Borrowings

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

## Loan from related party

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

## Convertible notes

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

## 9 Borrowings (continued)

### Conversion by the noteholder

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

### Redemption by the noteholder

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

### Failure to convert or redeem

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

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

	2016 \$	2015 \$
<b>Movement of convertible notes</b>		
Carrying value as at the beginning of the year	–	–
Issue of convertible notes – face value	1,350,000	–
Fair value of equity component – conversion right	(161,213)	–
Redemption of convertible notes	(50,000)	–
Unwinding of discount	75,233	–
Carrying value as at the end of the year	<b>1,214,020</b>	–

### Terms of options

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

## 10 Employee benefit obligations

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

## 11 Deferred revenue

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Unearned website subscription revenue paid in advance	<b>91,511</b>	<b>155,649</b>

## 12 Equity

## (a) Share capital

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

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	\$
Opening balance 1 July 2014		36,870,605	4,953,414
Shares issued	12(a)(i)	1,453,336	654,000
Balance 30 June 2015		38,323,941	5,607,414
Shares issued	12(a)(ii)	126,197,882	9,600,000
Capital raising costs		–	(551,885)
<b>Balance 30 June 2016</b>		<b>164,521,823</b>	<b>14,655,529</b>

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

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

## Notes to the Financial Statements

### 12 Equity (continued)

#### (a) Share capital (continued)

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

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

#### (b) Reserve

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Reserve	1,548,050	1,311,620
<b>Movements in reserve</b>		
Opening balance	1,311,620	954,264
Share-based payments – relating to options issued in prior period	52,967	1,763
Options issued	22,250	355,593
Equity portion of the convertible notes (refer to note 9)	161,213	–
Closing balance	<b>1,548,050</b>	<b>1,311,620</b>

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

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

**12 Equity** (continued)**(b) Reserve** (continued)**(ii) Details of options movement in the prior year**

Date	Details	Number	Value \$
28 April 2015	Issue of options under ESOP to employees and consultants	15,000,000	345,000
30 April 2015	Issue of options under ESOP to employees and consultants	3,405,000	10,593
		<b>18,405,000</b>	<b>355,593</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.

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
6-Jul-11	22-Jun-18	0.07	233,766
19-Jul-11	19-Jul-18	0.07	233,766
6-Mar-12	22-Jun-18	0.07	233,766
26-Jun-12	22-Jun-18	0.07	467,532
27-Jul-12	27-Jul-18	0.11	825,174
27-Jul-12	27-Jun-18	0.11	1,650,348
27-Jul-12	27-Jun-17	0.11	441,309
31-Oct-12	30-Jun-18	0.08	6,000,000
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
			<b>43,760,469</b>



## 13 Related party transactions

## (a) Key management personnel compensation

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Short-term employee benefits	207,436	150,000
Post-employment benefits	14,736	14,250
Share-based payments	146,666	349,667
	<b>368,838</b>	<b>513,917</b>

## (b) Transactions with other related parties

		Year ended	
		30 June 2016 \$	30 June 2015 \$
Loans	(c)	<b>(261,747)</b>	<b>250,000</b>

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

## (c) Loans to/from related parties

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>Loans from The Franklin Street Trust</b>		
Beginning of the year	250,000	–
Loans advanced	–	250,000
Interest charged	11,747	–
Loans repayments made	(261,747)	–
End of year	–	<b>250,000</b>

## 14 Cash flow information

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

	Year ended	
	30 June 2016	30 June 2015
Loss for the year	(3,457,790)	(1,280,975)
Adjustment for		
Depreciation	6,283	5,803
Convertible note – deemed interest	75,233	–
Share-based payment	100,000	–
Share-based payment expense	75,217	357,356
Change in operating assets and liabilities:		
Movement in trade receivables	123,009	(76,467)
Movement in other current assets	(244,505)	(40,491)
Movement in accounts payable	760,051	20
Movement in fees in advance	(64,138)	(51,784)
Movement in provisions	71,354	15,482
Movement in other current liabilities	(128,785)	96,939
<b>Net cash inflow (outflow) from operating activities</b>	<b>(2,684,071)</b>	<b>(974,117)</b>

## 15 Earnings per share

### (a) Basic earnings per share

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

### (b) Net loss

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

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

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

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.

## 15 Earnings per share (continued)

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

Since the reporting date, 325,000 convertible notes have been redeemed, resulting in the issue of 1,625,000 ordinary shares and 1,625,000 unlisted options with an exercise price of \$0.25 and life of up to 3 years.

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

As at the date of this report, a total of 53,010,469 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.

## 16 Financial risk management

The Company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Company's policies and processes for managing these risks are described below.

### (a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and other price risk. The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Company's market risk is managed by the Chief Executive Officer and overseen by the Board.

#### (i) Currency risk

The Company is not exposed to material currency risk arising from any financial assets or financial liabilities as all material transactions are denominated in Australian dollars.

#### (ii) Interest rate risk

The Company is exposed to interest rate risk via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. To reduce risk exposure, the economic entity ensures that cash and cash equivalents are placed in high credit quality financial institutions. The objective of managing interest rate risk is to minimise the economic entity's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

The Company's exposure to interest rate risk and the weighted average interest rates on the economic entity's financial assets and financial liabilities are as follows:

2016	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash at bank	–	7,384,118	–	7,384,118
Trade and other receivables	–	–	566,182	566,182
Other non-current assets	–	–	16,500	16,500
<b>Financial Liabilities</b>				
Trade and other payables	–	–	(908,573)	(908,573)
Borrowings	–	–	(1,214,020)	(1,214,020)
<b>Net position</b>	<b>–</b>	<b>7,384,118</b>	<b>(1,539,911)</b>	<b>5,844,207</b>

**16 Financial risk management** (continued)**(a) Market risk** (continued)**(ii) Interest rate risk** (continued)

2015	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash at bank	–	78,236	–	78,236
Trade and other receivables	–	–	444,686	444,686
Other non-current assets	–	–	16,500	16,500
<b>Financial Liabilities</b>				
Trade and other payables	–	–	(282,422)	(282,422)
Borrowings	(250,000)	–	–	(250,000)
<b>Net position</b>	<b>(250,000)</b>	<b>78,236</b>	<b>178,764</b>	<b>7,000</b>

Sensitivity of profit or loss to movements in market interest rates for instruments with cash flow risk:

	2016	2015
Market interest rates changed by $\pm 50$ basis points	<b><math>\pm 36,921</math></b>	<b><math>\pm 859</math></b>

**(iii) Price risk**

The Company is not exposed to price risk arising from any financial assets or financial liabilities.

**(b) Credit risk**

Credit risk is the risk that a party to the financial instrument will cause a financial loss to the Company by failing to discharge an obligation. The Company is exposed to credit risk through the financial assets listed below. The table also details the maximum exposure to credit risk for each class of financial instrument.

	Year ended	
	30 June 2016	30 June 2015
Cash at bank	7,384,118	78,236
Receivables	566,182	444,686
<b>Maximum exposure to credit risk</b>	<b>7,950,300</b>	<b>522,922</b>

The Company manages credit risk and the losses which could arise from default by ensuring that financial assets such as cash at bank are held with reputable organisations. Management monitors the approval of new credit limit process and collection process. Sale transactions with smaller entities or individuals taking place over on-line application require advance payment, thus further reducing the Company's exposure to credit risk.

At reporting date, there are no issues with the credit quality of financial assets that are neither past due nor impaired, and all amounts are expected to be received in full.

**(c) Liquidity risk**

The Company monitors its exposure to liquidity risk by ensuring that there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due. The management monitors cash flows.

The maturity of financial liabilities at reporting date are shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows.

## Notes to the Financial Statements

### 16 Financial risk management (continued)

#### (c) Liquidity risk (continued)

2016	Less than 12 months \$	1-5 years \$	Total contractual cash flows \$	Carrying amount liabilities \$
<b>Liabilities</b>				
Trade and other payables	908,576	–	908,576	908,576
Borrowings	1,300,000	–	1,300,000	1,214,020
<b>Total</b>	<b>2,208,576</b>	<b>–</b>	<b>2,208,576</b>	<b>2,122,396</b>
2015	Less than 12 months \$	1-5 years \$	Total contractual cash flows \$	Carrying amount liabilities \$
<b>Liabilities</b>				
Trade and other payables	282,422	–	282,422	282,422
Borrowings	261,747	–	261,747	250,000
<b>Total</b>	<b>544,169</b>	<b>–</b>	<b>544,169</b>	<b>532,422</b>

#### (d) Fair value

##### Hierarchy

The following information classifies financial instruments recognised in the statement of financial position at fair value according to the hierarchy stipulated in AASB 7 *Financial Instruments: Disclosure* ("AASB 7") that reflects the subjectivity of the inputs used in making the measurements as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 – a valuation technique is used using inputs that are not based on observable market data (i.e. unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

As at 30 June 2016, none of the Company's assets or liabilities, with the exception of the convertible notes had their fair value determined using the fair value hierarchy (30 June 2015: nil). The convertible notes are classified as a Level 2 financial instrument. There have been no transfers between the levels of the fair value hierarchy occurred during the current or previous year.

### 17 Share-based payments

#### (a) Employee option plan

The ApplyDirect Limited Employee Share Option Plan ("ESOP") is designed to provide long-term incentives for staff to deliver long-term Shareholder returns. Under the plan, participants are granted options. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

**17 Share-based payments** (continued)**(b) Share-based payments – capital raising**

In addition to the ESOP, options have also been granted to certain individuals in relation to certain goods or services provided in relation to specific capital raising activities.

**(c) Options granted**

	2016 Average Exercise Price Per Option	2016 Number of Options <sup>1</sup>	2015 Average Exercise Price Per Option	2015 Number of Options <sup>1</sup>
Opening balance	\$0.29	29,885,469	\$0.28	11,480,469
Granted during the year	\$0.33	750,000	\$0.29	18,405,000
Exercised during the year	–	–	–	–
Forfeited during the year	–	–	–	–
<b>Closing balance</b>	<b>\$0.29</b>	<b>30,635,469</b>	<b>\$0.29</b>	<b>29,885,469</b>

<sup>1</sup> The number of options have been adjusted for both current and prior years in relation to the option split and consolidation on the basis of 4:1 and 3/4, respectively.

**(d) Options outstanding and fair value of options granted**

The following variables were utilised in the determination of the fair value of options granted, which are currently outstanding at balance date (all options were granted at nil value). The fair value at grant date is independently determined using a binomial or Black-Scholes option pricing model:

Grant Date	Exercise Price per Share \$	No. of Options Granted <sup>1</sup>	Expected Share Price Volatility	Years to Expiry	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date \$
28-Sep-15	0.33	600,000	40.25%	5	Nil	2.20%	17,800
28-Sep-15	0.33	150,000	40.25%	5	Nil	2.20%	4,450

<sup>1</sup> The number of options have been adjusted for both current and prior years in relation to the option split and consolidation on the basis of 4:1 and 3/4, respectively.

**(e) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period were as follows. In addition to the below an additional share-based payment of \$22,250 (2015: \$Nil) directly related to capital raising activities was recognised directly in equity.

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Options issued under the ESOP	75,217	357,356
Options issued – other	–	–
<b>Total expense from share-based payment transactions</b>	<b>75,217</b>	<b>357,356</b>

### 18 Remuneration of auditors

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Audit of financial statements		
Previous auditor	17,000	20,667
Current auditor	22,000	–
	<b>39,000</b>	<b>20,667</b>

### 19 Subsequent events

On 12 September 2016, Mr Lorcan Barden commenced as the Company's new Chief Executive Officer.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

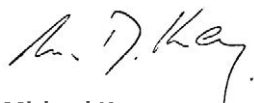
# Directors' Declaration

30 June 2016

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 41 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 consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended 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) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 1.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.



**Michael Kay**  
Chairman

Date: 29 September 2016



# Independent Auditor's Report

30 June 2016



Grant Thornton

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525 Collins St  
Melbourne Victoria 3000

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLYDIRECT LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of ApplyDirect Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

### **Directors' Responsibility for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's Opinion**

In our opinion:

- a the financial report of ApplyDirect Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's Opinion on the Remuneration Report**

In our opinion, the Remuneration Report of ApplyDirect Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink that reads "Simon Trivett".

Simon Trivett  
Partner - Audit & Assurance

Melbourne, 29 September 2016

# Shareholder Information

30 June 2016

The shareholder information set out below was applicable as at 20 September 2016.

## A. Distribution of equity securities

Analysis numbers of ordinary share holders by size of holding:

Holding	Securities	%	No. of holders	%
100,001 and Over	157,361,787	94.57	140	30.50
10,001 to 100,000	8,312,079	5.00	205	44.66
5,001 to 10,000	626,319	0.38	67	14.60
1,001 to 5000	96,599	0.06	35	7.63
1 to 1,000	42	0.00	12	2.61
Unmarketable parcels	–	–	–	–
	<b>166,396,826</b>	<b>100.00</b>	<b>459</b>	<b>100.00</b>

## B. Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Ordinary shares Percentage of issued shares (%)
POTENTATE INVESTMENTS PTY LTD	22,916,928	13.77
WERINDEX PTY LTD	19,431,967	11.68
VERNBROOK PTY LTD	5,520,000	3.32
NATIONAL NOMINEES LIMITED	5,166,038	3.1
PRAGMATIC PTY LTD	4,663,641	2.8
JOELISA NOMINEES PTY LTD	3,942,852	2.37
CITICORP NOMINEES PTY LIMITED	3,735,554	2.24
INTERCONTINENTAL PTY LIMITED	3,500,000	2.1
SAM ROMEK GONN	3,285,711	1.97
DR LEON GOLDBERG & MRS MYRIAM GOLDBERG	3,285,711	1.97
RAM BUSINESS INTELLIGENCE PTY LTD	3,156,339	1.9
IAN POUPARD & JANICE POUPARD	2,628,570	1.58
REGENTBAY INVESTMENTS PTY LTD	2,628,564	1.58
DENT SUPER INVESTMENTS PTY LTD	2,360,003	1.42
GASMERE PTY LTD	2,222,888	1.34
COPPERHEAD PTY LTD	2,070,000	1.24
OBEAH HOLDINGS PTY LTD	2,070,000	1.24
CATTEGATE PTY LTD	2,001,369	1.2
ASIA PAC TECHNOLOGY PTY LTD	1,950,000	1.17
PENELOPE ROBERTSON	1,933,335	1.16
	<b>98,469,470</b>	<b>59.15</b>

### C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage (%)
POTENTATE INVESTMENTS PTY LTD	22,916,928	13.77
WERINDEX PTY LTD	19,431,967	11.68
	<b>42,348,895</b>	<b>25.45</b>

#### Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Link Market Services Limited  
Level 12, 680 George Street, Sydney, New South Wales 2000  
Telephone: +61 2 82807100

#### Change of address, change of name, consolidation of shareholdings

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

#### Annual report

Shareholders do not automatically receive a hard copy of the Company's Annual Report unless they notify the Share Registry in writing. An electronic copy of the Annual Report can be viewed on the company's website [www.applydirect.com.au](http://www.applydirect.com.au)

#### Tax file numbers

It is important that Australian resident Shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

#### CHESS (Clearing House Electronic Subregister System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS system should contact their stockbroker.

#### Uncertified share register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of an individual/company's holding.

#### Listing rule 4.10.19 disclosure

For the purpose of ASX Listing Rule 4.10.19, the Board confirms that during the period from 21 June 2016 to 30 June 2016 the Company used its cash and assets readily convertible to cash in a manner consistent with its stated business objectives.

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# Corporate Directory

<b>Directors</b>	Mr Michael Kay Mr Bryan Petereit Mr Drew Ilsley Mr Anthony Charles
<b>Secretary</b>	Mr Phillip Hains
<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 Level 12, 680 George Street Sydney New South Wales 2000 +61 2 8280 7100
<b>Auditor</b>	Grant Thornton Audit Pty Ltd Level 30 525 Collins Street Melbourne Victoria 3000
<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>

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