Appendix 4E – Preliminary Final Report

(ASX Listing Rule 4.3A)

Name of entity	ApplyDirect Limited
ABN or equivalent company reference	29 123 129 162
Year ended	30 June 2019
Previous corresponding period	30 June 2018

Results for announcement to the market				$
Revenue from ordinary activities	Increased	12.01%	to	2,421,110
Net loss (from ordinary activities) for the period attributable to members	Decreased	7.71%	to	(4,382,111)
Net loss for the period attributable to members	Decreased	7.71%	to	(4,382,111)

Dividends

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

Net tangible assets per share	30 June 2019	30 June 2018
Net tangible assets ($)	1,887,964	2,854,800
Shares (No.)	425,885,214	222,299,656
Net tangible assets per share ($)	0.004	0.013

Explanation of results

The results for the year show a loss of $4,382,111 (2018: $4,748,183) representing an decrease of 7.71% against the comparative year. For further commentary on the financial results, refer to the attached Preliminary Final Report.

Other information required by Listing Rule 4.3A

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

Audit

The accounts are currently in the process of being audited. An annual report for the year ended 30 June 2019 containing the audit report shall be produced in due course.

ApplyDirect Limited ABN 29 123 129 162
Preliminary final report - 30 June 2019

Contents

Corporate directory

Directors	Mr Andrew Henderson Non-Executive Chairman Mr Bryan Petereit Managing Director Mr Michael Norster Non-Executive Director
Company Secretary	Mr Prashant Chandra
Principal registered office in Australia	Suite 102, 697 Burke Road Hawthorn East Victoria 3123 1300 554 842
Share and debenture register	Link Market Services Limited Level 12, 680 George Street Sydney New South Wales 2000 +61 2 8280 7100
Auditor	Grant Thornton Audit Ltd Collins Square, Tower Five 727 Collins Street Melbourne Victoria 3008
Solicitors	Minter Ellison Level 23, Rialto Towers 525 Collins Street Melbourne Victoria 3000
Website	www.applydirect.com.au

Review of operations

ApplyDirect Ltd (ApplyDirect or Company) hit significant milestones in FY2019 that are fundamental to the long-term success of the business.

Key Highlights

- Total operating revenue increased 13.3% over the prior period driven primarily by the continued strong contribution from the existing client base and the addition of a diversified revenue stream through the acquisition of Utility Software Services Pty Ltd (USS) on 22 March 2019
- Reduced the cost run rate by approximately $3 million per annum as a result of the significant cost and capability leverage realised through the integration with USS. This has resulted in a reduction of 2.2% with the costs of the additional business included
- Signed significant multi-year contracts with APM and Pharmacy Guild to develop, host and maintain employer branded talent platforms. Revenue from these contracts will be realised in FY20 and beyond
- Continued to expand the Company's footprint within the government sector signing major projects with the NSW Government (to improve its platform's online discoverability and enhancing the platform's machine learning and artificial intelligence capability), and securing individual contracts with Development Victoria, the Department of Health & Human Services (DHHS) and the Department of Environment, Land, Water and Planning (DELWP)
- Extended the managed services contract with Victorian Government for a further 12-month term
- Raised approximately $1.83 million subsequent to the financial year end through placement to a cornerstone investor, Smedley Family Office (Cornerstone Investor), and share purchase plan

During FY2019 the Company completed the acquisition of Utility Software Services Pty Ltd, which provides innovative and cost-effective solutions in the energy retail market. Its market offerings encompass SaaS solutions, BPO and consulting services. The acquisition, completed on 22 March 2019, adds a diversified revenue stream to the Company

The Company has realised a cost run rate reduction of approximately $3 million per annum as a result of the significant cost and capability leverage available through this acquisition. Importantly, this means that the diversified revenue stream has been added without an increase in ApplyDirect's pre-acquisition cost base closing the gap to break-even. Further cost savings are anticipated to be realised in the first half of FY2020.

The Company continued to deepen its relationships within the government sector securing projects at various levels across the Victorian and NSW Governments. Its talent platform solutions for the two largest employers in the country have also provided important case studies in securing major multi-year contracts with APM and the Pharmacy Guild of Australia. The revenue contribution from these contracts will commence in FY2020.

Both ApplyDirect and USS have strong pipelines that are expected to continue to convert. More recently and subsequent to the end of FY2019 the Company announced USS' appointment as the preferred supplier to provide strategic services for the establishment and ongoing operation of 3P Energy Pty Ltd.

The Company recently raised approximately $1.83 million subsequent to the financial year end from both the Cornerstone Investor and Share Purchase Plan. The Cornerstone Investor will be entitled to a board position to support and drive the Company's M&A activity.

Achieving organic break-even remains the top priority for the directors. The directors expect that the Company's significant contract wins, revenue pipeline, reduced cost base and the recent recapitalisation via placement and share purchase plan will likely take the Company to a position of operating break-even in the second half of FY2020.

ApplyDirect
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Notes	Year ended 30 June 2019 $	30 June 2018 $
Revenue			
Operating revenue	3 (a)	1,953,586	1,723,529
Other income	3 (b)	465,611	424,916
Interest income		1,913	13,028
		2,421,110	2,161,473
Expenses			
Employee benefits expense		(2,787,791)	(3,079,157)
Marketing expense		(723,295)	(1,460,566)
Professional fees		(1,722,987)	(1,167,727)
Travel expenses		(51,545)	(38,018)
Administration and other expenses		(450, 014)	(425,830)
Software development		(1,040,125)	(734,952)
Amortisation expense		(23,287)	-
Finance expenses		(4,177)	(3,406)
		(6,803,221)	(6,909,656)
Loss before income tax		**(4,382,111)**	**(4,748,183)**
Income tax expense	4	-	-
Loss for the year		**(4,382,111)**	**(4,748,183)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(4,382,111)**	**(4,748,183)**
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the group:			
Basic loss per share	17	(1.50)	(2.65)
Diluted loss per share	17	(1.50)	(2.65)

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

ApplyDirect Limited
Statement of Financial Position
as at 30 June 2019

	Notes	Year ended 30 June 2019 $	30 June 2018 $
ASSETS			
Current assets			
Cash and cash equivalents	4	838,987	2,729,064
Trade and other receivables	5	539,699	833,849
Total current assets		**1,378,686**	**3,562,913**
Non-current assets			
Property, plant and equipment	6	56,847	34,586
Other non-current assets		67,700	16,589
Intangible assets	7	1,759,275	-
Total non-current assets		**1,883,822**	**51,175**
Total assets		**3,262,508**	**3,614,088**
LIABILITIES			
Current liabilities			
Trade and other payables	8	525,494	479,407
Employee benefit obligations	9	277,721	199,623
Current tax liabilities		489,000	-
Deferred revenue	10	13,140	74,383
Total current liabilities		**1,305,355**	**753,413**
Non-current liabilities			
Employee benefit obligations	9	69,189	5,875
Total non-current liabilities		**69,189**	**5,875**
Total liabilities		**1,374,544**	**759,288**
Net assets		**1,887,964**	**2,854,800**
EQUITY			
Share capital	11(a)	24,535,633	20,439,014
Reserve	11(b)	598,198	1,428,928
Accumulated losses		(23,245,867)	(19,013,142)
Total equity		**1,887,964**	**2,854,800**

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

ApplyDirect Limited
Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Share capital $	Reserve $	Accumulated losses $	Total $
Balance at 1 July 2017		**16,033,935**	**1,836,133**	**(15,049,032)**	**2,821,036**
Loss for the year		-	-	(4,748,183)	(4,748,183)
Total comprehensive loss for the year		**-**	**-**	**(4,748,183)**	**(4,748,183)**
Transactions with owners in their capacity as owners:					
Shares issued	11(a)	4,539,048	-	-	4,539,048
Shares issued – options exercised	11(a)	36,243	-	-	36,243
Capital raising costs	11(a)	(170,212)	-	-	(170,212)
Share-based payment expense	11(b)	-	376,868	-	376,868
Options expired	11(b)	-	(784,073)	784,073	-
Total		**4,405,079**	**(407,205)**	**784,073**	**4,781,947**
Balance at 30 June 2018		**20,439,014**	**1,428,928**	**(19,013,142)**	**2,854,800**
Loss for the year		-	-	(4,382,111)	(4,382,111)
Total comprehensive loss for the year		**-**	**-**	**(4,382,111)**	**(4,382,111)**
Transactions with owners in their capacity as owners:					
Shares issued	11(a)	1,020,000	-	-	1,020,000
Placement	11(a)	990,000	-	-	990,000
Acquisition of business combination	11(a)	2,126,222	-	-	2,126,222
Capital raising costs	11(a)	(39,603)	-	-	(39,603)
Options expired	11(b)	-	(149,386)	149,386	-
Share-based payment expense	11(b)	-	4,599	-	4,599
Forfeited during the year	11(b)	-	(685,943)	-	(685,943)
Total		**4,096,619**	**(830,730)**	**149,386**	**3,415,275**
Balance at 30 June 2019		**24,535,633**	**598,198**	**(23,245,867)**	**1,887,964**

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

ApplyDirect Limited
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flows from operating activities			
Receipts from customers		2,403,920	1,540,098
Payments to suppliers and employees		(7,494,615)	(6,689,886)
Interest and other costs of finance paid		(4,617)	(5,224)
Other income		2,007	13,584
R&D claim		424,916	287,247
Net cash outflow from operating activities	16	**(4,668,389)**	**(4,854,181)**
Cash flows from investing activities			
Payments for plant and equipment		(27,020)	(14,651)
Acquisition of Utility Software Services Pty Ltd (net of cash acquired)	12	838,895	-
Net cash inflow/(outflow) from investing activities		**811,875**	**(14,651)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		2,010,000	4,575,292
Capital raising costs		(43,563)	(187,234)
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash inflow from financing activities		**1,966,437**	**4,388,058**
Net decrease in cash and cash equivalents		**(1,890,077)**	**(480,774)**
Cash and cash equivalents at the beginning of the financial year		2,729,064	3,209,838
Cash and cash equivalents at end of period	4	**838,987**	**2,729,064**

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

1 Summary of significant accounting policies

(a) Corporate information

The financial statements for ApplyDirect Limited (referred to as the Company or ApplyDirect Entity) and its controlled entity (together referred to as, we, us, our, ApplyDirect, Group) for the year ended 30 June 2019.

ApplyDirect Limited is a 'for profit' company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Group's principle activities are providing customer branded recruitment technology platforms, utilities software billing services and management platforms and related services.

(b) Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the acquisition of Utility Software Services Pty Ltd on 22 March 2019 which resulted in the recognition of goodwill and other intangible assets. Accordingly, from the 22 March 2019 the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows represent the consolidated activities of the Group.

(c) 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 ApplyDirect 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) Principles of consolidation

These financial statements include the assets and liabilities of ApplyDirect and its controlled entity as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

An entity is considered to be a controlled entity where we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power to direct the activities of the entity. We consolidate the results of our controlled entity from the date on which we gain control until the date we cease control.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

The financial statements of controlled entity are prepared for the same reporting period as ApplyDirect, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies.

(iv) New and amended standards adopted by the group

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

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(c) Basis of preparation (continued)

(vi) New standards and interpretations not yet adopted (continued)

In February 2016, AASB issued AASB 16: *Leases* (AASB 16), which replaces the current guidance in AASB 117: *Leases*, Interpretation 4 'Determining whether an Arrangement contains a Lease', Interpretation 115 *Operating Leases - Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard will apply to us from 1 July 2019.

The new standard requires the lessee to recognise its leases in the statement of financial position as an asset (the right to use the leased item) and a liability reflecting future lease payments. Depreciation of the right-of-use asset and interest on lease liability will be recognised over the lease term. The lessee can utilise the exceptions related to short-term and low-value leases, however, assets that are subject to subleases or are expected to be subleased do not qualify for the low-value exception.

We have assessed our impact of the new leasing standard on our financial results. We will apply the modified retrospective approach. At the time of application, we hold one lease which falls within the definition of a short-term lease within AASB 16 accordingly, there will be no material impact on the transactions and balances recognised in the financial statements.

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.

(d) Going concern

The financial statements have been prepared on the going concern basis, which assumes that the entity will be able to meet its liabilities as they fall due for the foreseeable future.

During the financial year, the entity recorded a consolidated loss of $4,382,111 (2018: $4,748,183) and net cash outflow of $4,668,389 (2018: $4,854,181) from operating activities. These conditions indicate a material uncertainty that may cast doubt about the entity's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

In assessing the Company as a going concern, the Directors have considered the following:

- addition of a diversified revenue stream through the acquisition of Utility Software Services Pty Ltd on 22 March 2019;
- recent contract wins, existing revenue streams and the revenue pipeline across both segments of the Company;
- cost run rate reduction of approximately $3 million per annum as a result of the cost and capability leverage across the two business segments; and
- the recent capital raise of approximately $1.83 million as part of the recent placement to a cornerstone investor and share purchase plan (post 30 June 2019).

Based on these factors, it is the view of the Directors that the Company is sufficiently capitalised to likely achieve a position of organic breakeven by the second half of the 2020 financial year.

The Directors acknowledge that this assessment incorporates a number of assumptions and judgment and have concluded that the range of possible outcomes considered in arriving at this support the entity's ability to continue as a going concern as at the date of this report.

Accordingly, the financial statements have been prepared on a going concern basis, which contemplates that continuity of normal business activity, realization of assets and settlement of liabilities in the normal course of business.

(e) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the ApplyDirect Entity and its Australian controlled entity is Australian dollars. Items included in the financial statements of each of company 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.

1 Summary of significant accounting policies (continued)

(e) Foreign currency translation (continued)

(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.

(f) 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 Group 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 Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from services – Subscription revenue, Website Use, Projects

<u>Timing of recognition</u>
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 reporting date the amount is recognised in unearned income. Revenue from fees for projects is recognised in the accounting period in which the services are rendered.

<u>Measurement of revenue</u>
Subscription revenue is measured based on the underlying subscription agreement. Revenue from projects is measured based on completion of each milestone as specified in the commercial contract which is executed by the customer.

(g) Government grants

The research and development (“R&D”) tax offset (“R&D tax offset”), also known as the R&D Tax Incentive, replaced the R&D Tax Concession for research and development expenditure incurred in income years commencing on or after 1 July 2011. It provides for a 43.5% refundable tax offset for eligible R&D entities with an aggregated turnover of less than $20 million per annum that are not controlled by exempt entities (“refundable R&D credit”), or a non-refundable 38.5% tax offset for all other eligible companies.

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

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

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

(h) 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 Group 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.

1 Summary of significant accounting policies (continued)

(h) Income tax

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

Tax consolidated group

Under Australian taxation law, ApplyDirect and its Australian wholly owned entity (member) will form a tax consolidated group from 22 March 2019 and are treated as a single entity for income tax purposes. ApplyDirect is the head entity of the Group and, in addition to its own transactions, it recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits for all members in the Group.

Entities within the tax consolidated group have entered into a tax sharing agreement and a tax funding agreement with the head entity.

The tax sharing agreement specifies methods of allocating any tax liability in the event the head entity defaults on its Group payment obligations and the treatment where a member exits the tax consolidated Group.

Under the tax funding agreement, the head entity and each of the members have agreed to pay/receive a current tax payable to/receivable from the head entity based on the current tax liability or current tax asset recorded in the financial statements of the members. ApplyDirect will also compensate the members for any deferred tax assets relating to unused tax losses and tax credits.

There are no amounts receivable or payable by ApplyDirect or members under the tax funding agreement in the next financial year upon final settlement of the current tax payable for the tax consolidated group.

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group 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.

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any assets or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(k) Impairment of assets

Goodwill and 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.

(l) 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.

(m) 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.

Impairment

For trade receivables, the Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18(a) for further details.

(n) Plant and equipment

Each class of 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 Group 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.

(o) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 1(j). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 2).

(ii) Licences and customer contracts

Separately acquired licences are shown at historical cost. Licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

1 Summary of significant accounting policies (continued)

(o) Intangible assets (continued)

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an internal project is recognised only when the Group 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.

(v) Amortisation methods and periods

Refer to note 7(a) for details about amortisation methods used by the Group for intangible assets.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

(q) 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.

(r) 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.

1 Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

(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 high-quality government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan and an employee share scheme collectively known as employee equity incentive pan (“EEIP”).

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

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 Group 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.

(s) 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.

(t) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year

(ii) Diluted loss per share

Diluted loss per share is calculated by dividing:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) 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.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

1 Summary of significant accounting policies

(v) Significant estimates and judgements

(i) Deferred tax assets

The Group 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 Group 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 Group and that are believed to be reasonable under the circumstances.

2 Segment information

The Group operations in one segment, being the development of customer branded recruitment technology platforms, utilities software billing services and management platforms and related services. The segment details are therefore fully reflected in the body of the interim financial report.

3 Revenue

The Group derives the following types of revenue:

(a) Operating revenue

	Year ended	
	30 June 2019	**30 June 2018**
	$	**$**
SaaS and Managed Services	816,468	509,050
IT Development and Consulting	497,136	681,120
Digital Marketing	376,919	533,359
Business Process Outsourcing	263,063	-
Total operating income	**1,953,586**	**1,723,529**

(b) Other income

	Year ended	
	30 June 2019	**30 June 2018**
	$	**$**
Research and development tax incentive	465,611	424,916
Total other income	**465,611**	**424,916**

4 Cash and cash equivalents

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash at bank	**838,987**	**2,729,064**

5 Trade and other receivables

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Current		
Trade receivables	52,663	378,673
Prepayments	9,555	30,260
GST receivable	11,870	-
R&D tax claim receivable	465,611	424,916
	539,699	**833,849**

6 Plant and equipment

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Plant and equipment		
Cost or fair value	134,088	74,927
Accumulated depreciation	(77,241)	(40,341)
	56,847	**34,586**
Opening net book amount	34,586	33,868
Additions	27,020	13,319
Acquisition via business combinations	27,133	-
Disposals	(6,956)	(45)
Depreciation charge	(24,936)	(12,556)
	56,847	**34,586**

7 Intangible assets

Year ended 30 June 2019

Non-current assets	**Goodwill** $	**Software** $	**Customer contracts** $	**Licences** $	**Total** $
Cost	1,357,563	75,685	223,198	126,116	1,782,562
Accumulated amortisation and impairment	-	(4,147)	(12,230)	(6,910)	(23,287)
Net book amount	1,357,563	71,538	210,968	119,206	1,759,275

Year ended 30 June 2019

Non-current assets	**Goodwill** $	**Software** $	**Customer contracts** $	**Licences** $	**Total** $
Opening net book amount	-	-	-	-	-
Additions – acquisition of business (note 13)	1,357,563	75,685	223,198	126,116	1,782,562
Amortisation charge	-	(4,147)	(12,230)	(6,910)	(23,287)
Closing net book amount	1,357,563	71,538	210,968	119,206	1,759,275

7 Intangible assets (continued)

(a) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5 years
- Customer contracts 5 years
- Licences 5 years

See note 1(n) for other accounting policies relevant to intangible assets and note 1(j) the Group's policy regarding impairments.

The customer contracts were acquired as part of a business combination (see note 13 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

(b) Significant estimate: key assumptions used for value-in-use calculations

The goodwill recognised in the financial report relates to the business combination which occurred on 22 March 2019 (refer note 13(a)). Accordingly, the directors believe that the goodwill recognised at 30 June 2019 is not impaired and have measured the recoverable amount of goodwill based on the fair value less costs of disposal, based on the transaction that occurred on 22 March 2019. The directors believe this is appropriate due to the following primary reasons:

- The proximity of the acquisition date to year end
- The acquisition was deemed to be undertaken on an arms-length basis

8 Trade and other payables

	Year ended	
	30 June 2019 $	**30 June 2018 $**
Current		
Trade payables	360,027	238,310
GST payable	-	7,422
Other payables	165,467	233,675
	525,494	**479,407**

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 Employee benefit obligations

	Year ended	
	30 June 2019 $	**30 June 2018 $**
Current		
Employee benefit obligations	277,721	199,623
Non-current		
Employee benefit obligations	69,189	5,875
Total employee benefit obligation	**346,910**	**205,498**

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

10 Deferred revenue

	Year ended	
	30 June 2019 $	**30 June 2018 $**
Unearned website subscription revenue paid in advance	**13,140**	**74,383**

11 Equity

(a) Share capital

	30 June 2019 Shares	30 June 2019 $	30 June 2018 Shares	30 June 2018 $
Ordinary shares - fully paid	425,855,214	24,535,633	222,299,656	20,439,014
Total share capital	**425,855,214**	**24,535,633**	**222,299,656**	**20,439,014**

Ordinary shares participate in dividends and the proceeds on winding up of the Group 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

	Note	Number of shares	$
30 June 2018			
Opening balance		171,463,134	16,033,935
Shares issued	12(a)(ii)	50,433,821	4,539,048
Transfer from reserve for value of options exercised	12(a)(ii)	402,701	36,243
Capital raising costs		-	(170,212)
Closing balance		**222,299,656**	**20,439,014**

30 June 2019

	Notes	Number of shares	$
Opening balance		222,299,656	20,439,014
Shares issued	12(a)(ii)	33,999,999	1,020,000
Placement	12(a)(ii)	36,666,666	990,000
Acquisition of business combination	12(a)(ii)	132,888,893	2,126,222
Capital raising costs		-	(39,603)
Closing balance		**425,855,214**	**24,535,633**

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

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

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

Date	Details	Number	Issue price $	Value $
4 October 2018	Issue of shares to sophisticated investors	25,666,667	0.03	770,000
21 December 2018	Issue of shares to sophisticated investors	8,333,332	0.03	250,000
22 March 2019	Placement	36,666,666	0.027	990,000
22 March 2019	Acquisition of subsidiary	132,888,893	0.016	2,126,222
		203,555,558		**4,136,222**

11 Equity (continued)

(b) Reserve

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Reserve	598,198	1,428,928

	30 June 2019 $	30 June 2018 $
Movements in reserve		
Opening balance	1,428,928	1,836,133
Share-based payments - relating to options issued during the current year	4,599	376,868
Issue of options under ESOP to employees	199,262	-
Options expired	(149,386)	(784,073)
Forfeited during the year	(885,205)	-
Closing balance	**598,198**	**1,428,928**

(i) Details of options movement in the current year

Date	Details	Number	Value
1 July 2018	Issue of share-based payments under EEIP to employees[1]	9,000,000	-
19 July 2018	Options expired	(233,766)	(3,740)
27 July 2018	Options expired	(825,174)	(53,637)
23 September 2018	Options expired	(194,808)	(6,039)
4 October 2018	Capital raise options issued – October 2018	8,555,547	-
16 December 2018	Options expired	(600,000)	(40,000)
16 December 2018	Options expired	(600,000)	(40,000)
21 December 2018	Capital raise options issued – December 2018	2,777,776	-
31 December 2018	Issue of options under ESOP to employees	-	199,262
1 March 2019	Options forfeited[1]	(11,000,000)	(883,496)
1 March 2019	Options forfeited[1]	(9,000,000)	-
18 February 2019	Options forfeited	(300,000)	(1,709)
16 June 2019	Options expired	(250,000)	(5,970)
30 June 2019	Issue of options under ESOP to employees	-	4,599
		(2,670,425)	**(830,730)**

1. The employee to which the Performance Rights were granted was in the process of finalising their employment with the Group at the time of issue accordingly, the service based vesting conditions of the Performance Rights were not met. Accordingly, the options were later forfeited.

11 Equity (continued)

(b) Reserve (continued)

(ii) Details of options movement in the prior year

Date	Details	Number	Value
6 October 2017	Options forfeited	(365,043)	(10,554)
22 December 2017	Capital Raise Options Issued - Tranche 1 - Dec 17	14,216,273	-
12 January 2018	Options Exercised	(336,438)	-
29 January 2018	Capital Raise Options Issued - Tranche 2 - Jan 18	4.994.382	-
7 February 2018	Options Exercised	(66,263)	-
20 February 2018	Capital Raise Options Issued - Tranche 2 - Jan 18	277,777	-
09-March 2018	ESOPs Issued	1,625,000	3,522
22 June 2018	Options Expired	(233,766)	(3,818)
22 June 2018	Options Expired	(233,766)	(24,312)
22 June 2018	Options Expired	(467,532)	(47,221)
27 June 2018	Options Expired	(1,650,348)	(106,722)
30 June 2018	Issue of options under ESOP to employees	-	383,900
30 June 2018	Options Expired	(1,200,000)	(120,400)
30 June 2018	Options Expired	(1,200,000)	(120,400)
30 June 2018	Options Expired	(3,600,000)	(361,200)
		11,760,276	**(407,205)**

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 Group has the following unlisted options in existence:

Grant date	Expiry date	Exercise price	No. of options
28 April 2015	28 April 2020	0.28	15,000,000
30 April 2015	30 April 2020	0.33	3,405,000
28 September 2015	28 September 2020	0.33	750,000
19 August 2016	18 August 2019	0.25	125,000
23 August 2016	23 August 2019	0.25	750,000
5 September 2016	4 September 2019	0.25	750,000
9 September 2016	8 September 2019	0.25	250,000
29 September 2016	29 September 2019	0.25	500,000
7 October 2016	5 October 2019	0.25	1,000,000
14 October 2016	13 October 2019	0.25	50,000
29 November 2016	28 November 2019	0.25	1,000,000
2 December 2016	1 December 2019	0.25	950,000
12 December 2016	11 December 2019	0.25	250,000
19 December 2016	18 December 2019	0.25	875,000
21 December 2017	20 December 2019	0.09	13,879,834
29 January 2018	28 January 2020	0.09	4,928,119
20 February 2018	19 February 2020	0.09	277,777
9 March 2018	8 March 2022	0.09	1,325,000
4 October 2018	4 October 2021	0.06	8,555,547
21 December 2018	21 December 2021	0.06	2,777,776
			57,399,053

12 Business combination

(a) Summary of acquisition

On the 22 March 2019 ApplyDirect acquired 100% of the issued share capital of Utility Software Services Pty Ltd (USS). USS is a SaaS platform provider with particular expertise in the energy retail market. It also offers specialised consulting and Business Process Outsourcing services to this market. The acquisition has provided ApplyDirect with important technical capability to support the extension of its SaaS platform technology and digital services to large ecosystems. More specifically, the Acquisition is underpinned by compelling rationale that has enabled ApplyDirect to:

- access important cost savings and synergies that should reduce its drain on working capital;
- accelerate execution of its technology roadmap, particularly the 'employment ecosystems' required for its Institutional Corporate customers;
- focus its resources on high yielding revenue, pruning the customer base where necessary to achieve this outcome;
- incorporate a significant and diversified annual revenue stream; and
- accelerate the pathway to breakeven.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	30 June 2019
Purchase consideration (refer to (b) below):	$
Cash paid	-
Ordinary shares issued	2,126,222
Total purchase consideration	**2,126,222**

The fair value of the 132,888,893 shares issued as consideration for USS ($2,126,222) was determined as follows.

There was no trading of the Companies shares on the day of, or prior to the acquisition date, and limited trading on or after the acquisition date. Accordingly, the directors have sought external guidance to determine the fair value of the Company share price at acquisition date. Upon detailed analysis of the number and volume of shares traded since the announcement of the potential acquisition, the fair value was determined to be the 1-month volume weighted average price or $0.016 per share.

Issue costs of $13,580 which were directly attributable to the issue of the shares have been included in the statement of profit or loss and other comprehensive income as an expense.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Year ended 30 June 2019
Purchase consideration (refer to (b) below):	$
Assets	
Cash and cash equivalents	838,895
Bank guarantee	67,700
Trade debtors	45,954
Fixed assets	27,133
Software	75,685
Licence	126,116
Customer contracts	223,198
Liabilities	
Other liabilities	(20,764)
Provision for annual leave	(28,617)
Provision for tax	(489,000)
Superannuation payable	(39,259)
Trade creditors	(58,382)
Net identifiable assets acquired	**768,659**
Add: goodwill[i]	1,357,563
Net assets acquired	**2,126,222**

[i] Goodwill recognised is primarily attributable to the expected synergies and other benefits from combining the assets and activities of USS with those of the Group's. The goodwill is not deductible for tax purposes.

There were no acquisitions in the year ending 30 June 2018.

12 Business combination (continued)

(a) Summary of acquisition (continued)

(i) Acquired receivables

The fair value of acquired trade receivables is $45,954. The gross contractual amount for trade receivables due is $45,954, which was fully collected subsequent to the acquisition.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $735,285 and net loss of $418,523 to the Group for the period from 22 March 2019 to 30 June 2019.

(b) Purchase consideration – cash inflow

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Inflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	-	-
Plus: Balances acquired		
Cash	838,895	-
Net inflow of cash – investing activities	**838,895**	-

Acquisition-related costs
Acquisition-related costs of $297,025 that were not directly attributable to the issue of shares are included in professional fees in the statement of profit or loss and other compressive income and in operating cash flows in the statement of cash flows.

13 Investments in controlled entities

The Group's principal subsidiary at 30 June 2019 is set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/county of incorporation**	**Ownership held by the group**		**Ownership interest held by non-controlling interests**	
		2019 %	2018 %	**2019 %**	2018 %
Ultimate parent entity					
ApplyDirect Limited	Australia				
Controlled entity					
Utility Software Services Pty Ltd	Australia	**100**	-	**-**	-

14 Related party transactions

(a) Key management personnel compensation

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Short-term employee benefits	1,205,398	1,019,406
Long-term employee benefits	26,297	5,342
Post-employment benefits	75,642	71,445
Share-based payments	(193,528)	383,900
	1,113,809	**1,480,093**

14 Related party transactions (continued)

(b) Transactions with other related parties

The Group uses Blue NRG, of which Michael Norster is a Director, in relation to electricity supplied.

	Year ended	
	30 June 2019	**30 June 2018**
	$	**$**
Fees paid for the year (Blue NRG)	5,176	6,164

(c) Loans to/from related parties

	Year ended	
	30 June 2019	**30 June 2018**
	$	**$**
Beginning of the year	-	-
Loans advanced	-	-
Interest charged	-	-
Loans repayments made	-	-
	-	**-**

15 Cash flow information

Reconciliation of loss after income tax to net cash outflow from operating activities (net of acquisitions and disposals of controlled entity balances)

	Year ended	
	30 June 2019	**30 June 2018**
	$	**$**
Loss for the year	(4,382,111)	(4,748,183)
Adjustment for		
Depreciation	24,936	12,556
Amortisation	23,287	-
Share based payment expense	(681,344)	376,868
Change in operating assets and liabilities:		
Movement in trade receivables	340,105	(312,081)
Movement in other current assets	16,589	(120,362)
Movement in accounts payable	(25,307)	(159,014)
Movement in fees in advance	(61,243)	(38,627)
Movement in provisions	141,412	52,240
Movement in other current liabilities	(64,713)	82,422
Net cash outflow from operating activities	**(4,668,389)**	**(4,854,181)**

16 Loss per share

(a) Basic loss per share

	Year ended	
	30 June 2019	**30 June 2018**
	Cents	**Cents**
Basic loss per share (cents)	(1.50)	(2.65)
Diluted loss per share (cents)	(1.50)	(2.65)

(b) Net loss

The net loss used in the calculation of basic and diluted loss per share is $4,382,112 (2018: $4,748,183).

16 Loss per share (continued)

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

	Year ended 30 June 2019 Number	Year ended 30 June 2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	292,221,513	178,917,576

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

As at the date of this report, a total of 57,399,053 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.