APPIPHANY TECHNOLOGIES HOLDINGS CORP
Form 10-Q
December 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended October 31, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from ______ to _______

Commission File Number 000-54524

APPIPHANY TECHNOLOGIES HOLDINGS CORP.
(Name of small business issuer in its charter)

Nevada	30-0678378
(State of incorporation)	(I.R.S. Employer Identification No.)

10 West Broadway, Suite 700
Salt Lake City UT 84101
(Address of principal executive offices)
(385) 212-3305
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of December 13, 2016 there were 51,988,237 shares of the registrant's $0.001 par value common stock issued and outstanding.

APPIPHANY TECHNOLOGIES HOLDINGS CORP.*

TABLE OF CONTENTS **Page**

Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Appiphany Technologies Holdings Corp. (the "Company"), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

*Please note that throughout this Quarterly Report, except as otherwise indicated by the context, references in this report to "Company", "APHD", "we", "us" and "our" are references to Appiphany Technologies Holdings Corp.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

APPIPHANY TECHNOLOGIES HOLDINGS CORP.

Condensed Consolidated Financial Statements

For the Six Months Ended October 31, 2016

TABLE OF CONTENTS

APPIPHANY TECHNOLOGIES HOLDINGS CORP.
Condensed Consolidated Balance Sheets
(Expressed in US dollars)

	October 31, 2016 $ (unaudited)	April 30, 2016 $
ASSETS		
Current Assets		
Cash	12,742	323
Accounts receivable	13,202	1,004
Prepaid expense	2,500	–
Total Assets	28,444	1,327
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	235,997	195,999
Due to related parties	23,973	62,486
Convertible debenture, net of unamortized discount of $91,632 and $nil, respectively	153,035	73,905
Notes payable	14,616	4,616
Derivative liability	558,275	140,196
Total Liabilities	985,896	477,202
STOCKHOLDERS' DEFICIT		
Preferred stock Authorized: 10,000,000 preferred shares with a par value of $0.001 per share Issued and outstanding: nil preferred shares	–	–
Common stock Authorized: 250,000,000 common shares with a par value of $0.001 per share Issued and outstanding: 41,172,124 and 33,798,502 common shares, respectively	41,172	33,799
Additional paid-in capital	1,429,309	1,281,817
Accumulated deficit	(2,427,933)	(1,791,491)
Total Stockholders' Deficit	(957,452)	(475,875)
Total Liabilities and Stockholders' Deficit	28,444	1,327

TABLE OF CONTENTS

APPIPHANY TECHNOLOGIES HOLDINGS CORP.
Consolidated Statements of Operations
(Expressed in US dollars)
(unaudited)

	For the three months ended October 31, 2016 $	For the three months ended October 31, 2015 $	For the six months ended October 31, 2016 $	For the six months ended October 31, 2015 $
Revenues	19,433	–	31,000	–
Cost of Goods Sold	11,183	–	16,850	–
Gross Profit	8,250	–	14,150	–
Operating Expenses				
Consulting fees	75,500	–	121,000	–
General and administrative	15,452	1,992	29,100	331
Professional fees	20,301	29,995	47,985	42,294
Total Operating Expenses	111,253	31,987	198,085	42,625
Net Loss Before Other Income (Expense)	(103,003)	(31,987)	(183,935)	(42,625)
Other Income (Expense)				
Interest expense	(8,709)	(3,228)	(13,094)	(13,567)
Gain (loss) on change in fair value of derivative liability	(197,529)	(313,035)	(434,908)	(113,435)
Loss on extinguishment of debt	–	–	(4,505)	–
Total Other Income (Expense)	(206,238)	(316,263)	(452,507)	(127,002)
Net Loss	(309,241)	(348,250)	(636,442)	(169,627)
Net Loss Per Share, Basic and Diluted	(0.01)	(0.18)	(0.02)	(0.09)
Weighted Average Shares Outstanding – Basic and Diluted	40,385,311	1,913,566	38,188,476	1,884,927

TABLE OF CONTENTS

APPIPHANY TECHNOLOGIES HOLDINGS CORP.
Condensed Consolidated Statements of Cashflow
(Expressed in US dollars)
(unaudited)

	For the six months ended October 31, 2016 $	For the six months ended October 31, 2015 $
Operating Activities		
Net loss	(636,442)	(169,627)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on convertible debt payable	2,618	7,108
Loss on extinguishment of debt	4,505	–
Loss on change in fair value of derivative liability	434,908	113,435
Shares issued for consulting services	28,000	–
Changes in operating assets and liabilities:		
Accounts receivable	(12,198)	–
Accounts payable and accrued liabilities	50,684	35,120
Prepaid expense	(2,500)	–
Net Cash Used In Operating Activities	(130,425)	(13,964)
Financing Activities		
Proceeds from convertible debenture	170,000	–
Proceeds from notes payable	10,000	–
Proceeds from related party	–	13,964
Repayment to related party	(37,156)	–
Net Cash Provided by Financing Activities	142,844	13,964
Increase in Cash	12,419	–
Cash – Beginning of Period	323	–
Cash – End of Period	12,742	–
Supplemental Disclosures		

Interest paid	–	–
Income tax paid	–	–
Non-cash investing and financing activities		
Common stock issued for conversion of convertible debentures	126,865	554
Debt discount on convertible notes and debt issuance costs	94,250	–

TABLE OF CONTENTS

1. Nature of Operations and Continuance of Business

Appiphany Technologies Holdings Corp. (the "Company") was incorporated in the State of Nevada on February 24, 2010. On May 1, 2010, the Company entered into a share exchange agreement with Appiphany Technologies Corporation ("ATC") to acquire all of the outstanding common shares of ATC in exchange for 1,500,000 common shares of the Company. As the acquisition involved companies under common control, the acquisition was accounted for in accordance with ASC 805-50, Business Combinations – Related Issues, and the consolidated financial statements reflect the accounts of the Company and ATC since inception. On November 18, 2015, ATC was dissolved. The Company is in the business of providing online fraud protection services.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As at October 31, 2016, the Company has not recognized significant revenue, has a working capital deficit of $957,452, and has an accumulated deficit of $2,427,933. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company's future operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation and Principles of Consolidation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and are expressed in U.S. dollars. The consolidated financial statements are comprised of the records of the Company and its wholly owned subsidiary, Appiphany Technologies Corp., a company incorporated in British Columbia, Canada, until its dissolution on November 18, 2015, and IP Control Risk Inc., a company incorporated in the State of Nevada, United States. All intercompany transactions have been eliminated on consolidation. The Company's fiscal year end is April 30.

(b) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the collectability of accounts receivable, fair value and estimated useful life of long-lived assets, fair value of convertible debentures, derivative liabilities, stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

TABLE OF CONTENTS

2. Summary of Significant Accounting Policies (continued)

(d) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at October 31 and April 30, 2016, the Company had no items representing cash equivalents.

(e) Accounts Receivable

The Company recognizes allowances for doubtful accounts to ensure accounts receivable are not overstated due to the inability or unwillingness of its customers to make required payments. The allowance is based on the business environment, historical bad debt expense, the age of receivables, and the specific identification of receivables the Company considers at risk. The Company reviews the adequacy of its allowance for doubtful accounts on a regular basis.

(f) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with ASC 260, Earnings per Share. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive. As at October 31, 2016, the Company had 32,247,638 (April 30, 2016 - 20,292,620) potentially dilutive common shares outstanding that were excluded from the diluted EPS calculation as their effect is anti-dilutive.

(g) Financial Instruments

Pursuant to ASC 820, Fair Value Measurements and Disclosures, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

TABLE OF CONTENTS

2. Summary of Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

The Company's financial instruments consist principally of accounts receivable, accounts payable and accrued liabilities, amounts due to related parties, convertible debentures, and notes payable. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The fair value of our derivative liability is determined to be a "Level 2" input. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

(h) Comprehensive Loss

ASC 220, Comprehensive Income, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at October 31 and April 30, 2016, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

(i) Revenue Recognition

The Company recognizes revenue from online fraud protection services. Revenue will be recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service has been provided, and collectability is assured. The Company is not exposed to any credit risks as amounts are prepaid prior to performance of services.

Commencing May 1, 2016, the Company changed its accounting policy with respect to revenue recognition to record revenue on a gross basis as compared to a net basis as the Company reassessed the application of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers and determined that they did not meet the conditions for an agency relationship. The impact to the Company's revenues was determined to not be material, as historical revenues from online fraud protection services was $2,725 with cost of goods sold of $1,821 for a net gross profit of $904.

(j) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation – Stock Compensation and ASC 505, Equity Based Payments to Non-Employees, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires company to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

(k) Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, "Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03), which resulted in the reclassification of debt issuance costs from "Other Assets" to inclusion as a reduction of the debt balance. The Company had adopted ASU 2015-03 during the three months ended July 31, 2016, with full retrospective application as required by the guidance. These standards did not have a material impact on the Company's condensed consolidated balance sheets and had no impact on the cash flows provided by or used in operations for any period presented.

TABLE OF CONTENTS

2. Summary of Significant Accounting Policies (continued)

(k) Recent Accounting Pronouncements (continued)

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Acquisition of License Agreements

(a) On January 14, 2016, the Company entered into a purchase agreement with a company controlled by the President and Director of the Company. Pursuant to the agreement, the Company agreed to purchase two licenses including the accounts receivable generated by the two licenses, in exchange for 20,000,000 common shares of the Company.

In accordance with ASC 805-50, "Business Combinations: Related Issues", the purchase agreement was deemed an acquisition of assets between entities under common control for accounting purposes as the transaction was non arms-length. The licenses and accounts receivable acquired were recorded at their carrying value of $nil.

(b) On January 18, 2016, the Company entered into a license agreement (the "Agreement") with Comsec Solutions Limited ("Comsec") where the Company acquired the right to market and distribute Watchdog, a market leading web monitoring tool owned by Comsec, in North and South America. In exchange for the rights, the Company agreed to pay a monthly base fee of up to £4,750, depending on the service provided, and 15% commission fee for all revenues including a minimum revenue base of £140,000 in the first year and £100,000 in subsequent years.

4. Related Party Transactions

As at October 31, 2016, the Company owed $23,973 (April 30, 2016 - $62,486) to the President and Director of the Company for financing of day-to-day expenditures incurred on behalf of the Company. The amount owing is unsecured, non-interest bearing, and due on demand

5. Notes Payable

(a) As at October 31, 2016, the Company owed $14,616 (April 30, 2016 - $4,616) in notes payable to non-related parties. Under the terms of the notes, the amounts are unsecured, bears interest at 5-6% per annum, and is due on July 31, 2016. The notes bear a default interest rate of 18% per annum.

(b) On June 6, 2016, the Company issued a note payable to a non-related party for proceeds of $10,000. Under the terms of the note, the amount is unsecured, bears interest at 5% per annum, and is due on July 6, 2017. The note bears a default interest rate of 12% per annum.

TABLE OF CONTENTS

6. Convertible Debentures

(a) On December 17, 2013, the Company issued a convertible debenture to a non-related party for proceeds of $32,500. Under the terms of the debenture, the amount is unsecured, bears interest at 8% per annum, and is due on September 19, 2014. Interest on overdue principal after default accrues at an annual rate of 22%. After 180 days or June 15, 2014, the debenture is convertible into common shares of the Company at a conversion price equal to 51% of the lowest two trading prices of the Company's common shares for the past 30 trading days prior to notice of conversion. On September 19, 2014, as the amount of the convertible debenture had not been repaid or converted by maturity, the Company incurred a penalty of 50% of the principal balance owing resulting in the Company recording $16,250 which had been included in interest expense.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". The fair value of the derivative liability resulted in a full discount to the note payable of $32,500. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $32,500. During the year ended April 30, 2015, the Company issued 595,667 shares of common stock for the conversion of $39,130. On May 17, 2016, the convertible debenture and accrued interest was extinguished pursuant to the issuance of a $10,000 convertible debenture issued to a non-related party. As at October 31, 2016, the carrying value of the note was $nil (April 30, 2016 - $9,620).

(b) On May 21, 2014, the Company issued a convertible debenture, to a non-related party, for proceeds of $37,500. Under the terms of the debenture, the amount is unsecured, bears interest at 8% per annum, and is due on February 23, 2015. After 180 days or November 17, 2014, the debenture is convertible into common shares of the Company at a conversion price equal to 51% of the lowest two trading prices of the Company's common shares for the past 30 trading days prior to notice of conversion.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". The fair value of the derivative liability resulted in a full discount to the note payable of $37,500. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $37,500. During the year ended April 30, 2015, the Company issued 360,000 shares of common stock for the conversion of $2,920. During the year ended April 30, 2016, the Company issued 1,850,000 shares of common stock for the conversion of $8,772 of the note. During the six months ended October 31, 2016, the Company issued 3,217,352 shares of common stock for the conversion of $8,368 of the note. As at October 31, 2016, the carrying value of the note was $17,440 (April 30, 2016 - $25,808).

(c) On May 23, 2014, the Company issued a convertible debenture, to a non-related party, for proceeds of $40,000. Under the terms of the debenture, the amount is unsecured, bears interest at 8% per annum, and is due on May 23, 2015. After 180 days or November 19, 2014, the debenture is convertible into common shares of the Company at a conversion price equal to 55% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". The fair value of the derivative liability resulted in a discount to the note payable of $25,215. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $40,000. During the year ended April 30, 2015, the Company issued 127,655 shares of common stock for the conversion of $1,335 of the note and $69 of accrued interest. During the year ended April 30, 2016, the Company issued 91,831 shares of common stock for the conversion of $188 of the note and $19 of accrued interest. As at October 31, 2016, the carrying value of the note was $38,477 (April 30, 2016 - $38,477).

TABLE OF CONTENTS

6. Convertible Debentures (continued)

(d) On May 17, 2016, the Company issued a $10,000 convertible debenture to a non-related party in extinguishment of a convertible debenture originally issued on December 17, 2013 of $9,620 and $6,270 of accrued interest as at May 17, 2016 as noted in Note 5(a). Due to the change of conversion terms, the fair value of the derivative liability increased from $249,702 to $265,841, resulting in a loss in extinguishment of $10,249. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and is due on May 17, 2017. The debenture is convertible into common shares of the Company at a conversion price equal to 50% of the lowest trading prices of the Company's common shares (i) on May 12, 2016; or (ii) for the past 25 trading days prior to notice of conversion.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". During the six months ended October 31, 2016, the Company issued 2,756,270 shares of common stock for the conversion of $7,000 of the note and $29 of accrued interest. As at October 31, 2016, the carrying value of the note was $3,000 (April 30, 2016 - $nil).

(e) On May 17, 2016, the Company issued a convertible debenture to a non-related party for $33,000. Pursuant to the agreement, the note was issued with a 10% original issue discount and as such the purchase price was $30,000. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and is due on May 17, 2017. The debenture is convertible into common shares of the Company at a conversion price equal to 50% of the lowest trading price of the Company's common stock of either (i) the twenty-five prior trading days immediately preceding the issuance of the note or (ii) the twenty-five prior trading days including the day upon which a notice of conversion is received by the Company. There was also financing costs, which resulted in the Company recording a debt discount of approximately $5,000 resulting from these debt issuance costs which is being amortized over the life of the loan.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". The fair value of the derivative liability resulted in a discount to the note payable of $33,000 of which $5,000 of the discount resulted from debt issuance costs. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $33,000. As at October 31, 2016, the carrying value of the note was $63 (April 30, 2016 - $nil), and the unamortized discount was $32,937 (April 30, 2016 - $nil).

(f) On June 13, 2016, the Company issued a convertible debenture to a non-related party for $69,000. Pursuant to the agreement, the note was issued with an original issue discount and as such the purchase price was $66,500. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum (22% per annum default rate), and is due on December 13, 2016. After maturity date, or December 13, 2016, the debenture is convertible into common shares of the Company at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to the notice of conversion.

Company analyzed the conversion option of the note for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging" and determined that the embedded conversion feature should be classified as a liability. However, due to the conversion option not being effective until December 13, 2016, the Company will delay measuring the derivative liability until such date. There was also debt issuance costs, which resulted in the Company recording a debt discount of approximately $2,500. As at October 31, 2016, the carrying value of the note was $68,413 (April 30, 2016 - $nil), and the unamortized discount was $587 (April 30, 2016 - $nil).

TABLE OF CONTENTS

6. Convertible Debentures (continued)

(g) On July 21, 2016, the Company issued a convertible debenture, to a non-related party, for proceeds of $56,750. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum (24% per annum default rate), and is due on April 21, 2017. The debenture is convertible into common shares of the Company at a conversion price equal to 50% of the lowest trading price of the Company's common stock of either (i) the twenty-five prior trading days immediately preceding the issuance of the note or (ii) the twenty-five prior trading days including the day upon which a notice of conversion is received by the Company.

Due to this provision, the embedded conversion option qualifies for derivative accounting under ASC 815-15 "Derivatives and Hedging". The fair value of the derivative liability resulted in a discount to the note payable of $56,750 of which $6,250 of the discount resulted from debt issuance costs. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $56,750. As at July 31, 2016, the carrying value of the note was $14 (April 30, 2016 - $nil), and the unamortized total discount was $56,736 (April 30, 2016 - $nil).

(h) On August 18, 2016, the Company issued a convertible debenture, to a non-related party, for proceeds of $27,000. Under the terms of the debenture, the amount is secured by assets of the Company, bears interest at 8% per annum, and is due on April 18, 2017. The debenture is convertible into common shares of the Company after six months subsequent to issuance (February 18, 2016) at a conversion price equal to 55% of the lowest trading price of the Company's common stock of the fifteen prior trading days immediately preceding the issuance of the note. Debt issuance costs resulted in a discount to the note payable in the amount of $2,000. The carrying value of the convertible note will be accreted over the term of the convertible note up to the face value of $27,000. As at October 31, 2016, the carrying value of the note was $25,405 (April 30, 2016 - $nil), and the unamortized discount was $1,595 (April 30, 2016 - $nil).

7. Derivative Liability

The Company records the fair value of the conversion price of the convertible debentures, as disclosed in Note 5, in accordance with ASC 815, Derivatives and Hedging. The fair value of the derivative was calculated using a Black-Scholes model. The fair value of the derivative liability is revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statement of operations. During the six months ended October 31, 2016, the Company recorded a loss on the change in fair value of derivative liability of $434,908 (2015 – $113,435). As at October 31, 2016, the Company recorded a derivative liability of $558,275 (April 30, 2016 - $140,196).

The following inputs and assumptions were used to value the convertible debentures outstanding during the periods ended October 31 and April 30, 2016:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
December 17, 2013 convertible debenture:				
As at April 30, 2016 (mark to market)	366%	0.56%	0%	1.00
As at May 17, 2016 (date of exchange)	433%	0.58%	0%	0.84
May 21, 2014 convertible debenture:				
As at April 30, 2016 (mark to market)	312%	0.56%	0%	0.83
As at June 13, 2016 (date of conversion)	485%	0.40%	0%	0.71
As at July 31, 2016 (mark to market)	468%	0.38%	0%	0.58
As at October 31, 2016 (mark to market)	394%	0.34%	0%	0.33

12

TABLE OF CONTENTS

7. Derivative Liability (continued)

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
May 23, 2014 convertible debenture:				
As at April 30, 2016 (mark to market)	111%	0.56%	0%	0.06
As at July 31, 2016 (mark to market)	472%	0.50%	0%	0.81
As at October 31, 2016 (mark to market)	540%	0.51%	0%	0.56
May 17, 2016 convertible debenture for $10,000:				
As at May 17, 2016 (date note became convertible)	467%	0.58%	0%	1.00
As at June 28, 2016 (date of conversion)	490%	0.35%	0%	0.88
As at July 27, 2016 (date of conversion)	508%	0.40%	0%	0.81
As at July 31, 2016 (mark to market)	513%	0.38%	0%	0.79
As at October 31, 2016 (mark to market)	550%	0.51%	0%	0.54
May 17, 2016 convertible debenture for $33,000:				
As at May 17, 2016 (issuance date)	476%	0.58%	0%	1.00
As at July 31, 2016 (mark to market)	458%	0.50%	0%	0.79
As at October 31, 2016 (mar to market)	550%	0.51%	0%	0.54
July 21, 2016 convertible debenture:				
As at July 21, 2016 (issuance date)	470%	0.54%	0%	0.75
As at July 31, 2016 (mark to market)	481%	0.50%	0%	0.72
As at October 31, 2016 (mark to market)	538%	0.51%	0%	0.47

A summary of the activity of the derivative liability is shown below:

	$
Balance, April 30, 2016	140,196
New issuances	925,403
Debt discounts	78,500
Adjustment for conversion	(111,468)
Mark to market adjustment at October 31, 2016	(474,356)
Balance, October 31, 2016	558,275

8. Common Shares

(a) On June 13, 2016, the Company issued 3,217,352 common shares for the conversion of $8,368 of convertible debentures, as noted in Note 6(b).

(b) On June 28, 2016, the Company issued 1,176,470 common shares for the conversion of $3,000 of convertible debentures, as noted in Note 6(d).

(c) On July 27, 2016, the Company issued 1,579,800 common shares for the conversion of $4,000 of convertible debentures and $28 of accrued interest, as noted in Note 6(a).

(d) On August 26, 2016, the Company issued 900,000 common shares with a fair value of $18,000 to various consultants pursuant to consulting agreements dated August 26, 2016.

TABLE OF CONTENTS

8. Common Shares (continued)

(e) On September 7, 2016, the Company issued 500,000 common shares with a fair value of $10,000 to a consultant pursuant to a consulting agreement dated August 26, 2016.

9. Commitments

On August 26, 2016, the Company entered in consulting agreements with five consultants. Pursuant to the agreements, each consultant is to be compensated by the following:

i) 10% commission on all net revenues derived by the Company through the consultant in the first year
ii) 5% commission on all net revenues derived by the Company through the consultant in year two and three
iii) 180,000 common shares payable on the date of the agreement (see Note 8(d))
iv) 180,000 common shares payable on February 26, 2016 (see Note 10(c))
v) 180,000 common shares payable on August 26, 2017 (see Note 10(c))
vi) 180,000 common shares payable on February 26, 2018. (see Note 10(c))

Either party may terminate the agreement by providing written thirty days notice.

As at October 31, 2016, no commission has been earned, paid, or accrued.

10. Subsequent Events

We have evaluated subsequent events through the date of issuance of the financial statements, and did not have any material recognizable subsequent events after October 31, 2016 other than the following:

(a) On November 4, 2016, the Company issued 1,216,113 shares of common stock for the conversion of $3,000 of convertible debentures and $101 of accrued interest, as noted in Note 6(d).

(b) On November 30, 2016, the Company entered into an advisory agreement with an unrelated party. Pursuant to the agreement, the consultant is to be compensated by 6,000,000 of the Company's common shares upon execution of the agreement, and a monthly cash fee of $2,500 beginning December 1, 2016. In the event that the Company does not have cash available to pay the balance of the monthly cash fee balance at the beginning of each month, the consultant has the right to convert such balance into a convertible promissory note, which shall allow for conversion into shares of common stock of the Company at a fifty percent discount to the ten-day average closing price of the common shares at such time On December 6, 2016, 6,000,000 shares were issued pursuant to the advisory agreement.

On November 4, 2016, the Company entered into an equity purchase agreement with an unrelated investor. Pursuant to the agreement, the Company agrees to issue and sell to the investor up to five million dollars of the Company's common stock. The agreement expires on the earlier of i) the date on which the Investor purchases the maximum amount or ii) December 31, 2017. As a condition of the agreement, the Company agreed to issue to the Investor a convertible note in the principal amount of $50,000. Under the terms of the debenture, the agreement is due on November 4, 2017. In the event of default, the debenture is convertible into common shares of the Company at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 25 trading days prior to notice of conversion.

On November 4, 2016, the Company issued a convertible debenture to a non-related party for $55,000 as part of the equity purchase agreement. Pursuant to the agreement, the note was issued with a 10% original issue discount and as such the purchase price was $50,000. Under the terms of the debenture, the amount is unsecured, bears simple interest at 10% per annum, and is due on November 4, 2017. The debenture is convertible into common shares of the Company at a conversion price equal to the lower of a) 50% of the lowest trading price of the Company's common stock of the twenty-five prior trading days immediately preceding the conversion date or b) the closing bid price on the original issue date.

TABLE OF CONTENTS

10. Subsequent Events (continued)

(c) On December 6, 2016, the Company issued 720,000 common shares to each of the consultants as per the consulting agreements dated August 26, 2016, described in Note 9 (for a total of 3,600,000 shares). Of these common shares issued, 180,000 common shares in excess of that stated in each of the agreements were issued in error (in other words, a total of 720,000 shares were erroneously issued). It is the Company's intention to retract these excess shares issued in error.

TABLE OF CONTENTS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements. You can identify forward-looking statements by the use of the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms. These statements are only predictions. In evaluating these statements, you should consider various factors which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

RESULTS OF OPERATIONS

Working Capital

	October 31, 2016 $	April 30, 2016 $
Current Assets	28,444	1,327
Current Liabilities	985,896	477,202
Working Capital (Deficit)	(957,452)	(475,875)

Cash Flows

	October 31, 2016 $	October 31, 2015 $
Cash Flows used in Operating Activities	(130,425)	(13,964)
Cash Flows from (used in) Investing Activities	-	-
Cash Flows from Financing Activities	142,844	13,964
Net increase (decrease) in Cash During Period	12,419	-

Operating Revenues

For the six months ended October 31, 2016, the Company earned revenues of $31,000 compared with $nil during the six months ended October 31, 2015 from the sale of online fraud protection services. The Company had gross profit of $14,150 for the six months ended October 31, 2016 compared to $nil for the six months ended October 31, 2015. The increase in sales revenue and gross profit was due to the fact that the Company did not acquire the rights to the online fraud protection services until January 2016.

For the three months ended October 31, 2016, the Company earned revenues of $19,433 compared with $nil during the three months ended October 31, 2015 from the sale of online fraud protection services. The Company had gross profit of $8,250 for the three months ended October 31, 2016 compared to $nil for the three months ended October 31, 2015. The increase in sales revenue and gross profit was due to the fact that the Company did not acquire the rights to the online fraud protection services until January 2016.

Operating Expenses and Net Income (Loss)

For the six months ended October 31, 2016, the Company incurred operating expenses of $198,085 compared to $42,625 during the six months ended October 31, 2015. The increase in operating expenses was based on the fact that the Company had commenced its online fraud protection services during the prior quarter which resulted in higher day-to-day operating costs of $28,769 compared to the six month period ended October 31, 2015. Furthermore, there was an increase of $121,000 for consulting expenses to hire consultants to assist with sales, day-to-day operations, and oversight of the Watchdog license agreement, and $5,691 of professional fees for increases in accounting, audit, and legal fees with respect to the overall increase in business activity.

TABLE OF CONTENTS

For the three months ended October 31, 2016, the Company incurred operating expenses of $111,253 compared to $31,987 during the three months ended October 31, 2015. The increase in operating expenses was based on the fact that the Company had commenced its online fraud protection services during the prior quarter which resulted in higher day-to-day operating costs of $13,460 compared to the three month period ended October 31, 2015. Furthermore, there was an increase of $75,500 for consulting expenses to hire consultants to assist with sales, day-to-day operations, and oversight of the Watchdog license agreement. The increase in operating expenses was offset by a decrease of $9,694 in professional fees, mainly relating to higher legal fees incurred in the prior year relating to a services from a new legal counsel retained in the prior year.

During the six months ended October 31, 2016, the Company recorded a net loss of $636,442 compared to a net loss of $169,627 during the six months ended October 31, 2015. In addition to operating expenses, the Company recorded a loss on the change in the fair value of the derivative liability of $434,908, interest and amortization expense of $13,094 and a loss on extinguishment of debt of $4,505. During the period ended October 31, 2015, the Company recorded a loss on the change in fair value of the derivative liability of $13,567 and interest and amortization expense of $113,435.

During the three months ended October 31, 2016, the Company recorded a net loss of $309,241 compared to a net loss of $348,250 during the three months ended October 31, 2015. In addition to operating expenses, the Company recorded a loss on the change in the fair value of the derivative liability of $197,529, and interest and amortization expense of $8,709. During the period ended October 31, 2016, the Company recorded a loss on the change in fair value of the derivative liability of $313,035 and interest and amortization expense of $3,228.

The loss per share on a basic and diluted basis for the six months ended October 31, 2016 was $0.02 compared to a basic and diluted net loss per share of $0.09 for the six months ended October 31, 2015. The loss per share on a basic and diluted basis for the three months ended October 31, 2016 was $0.01 compared to a basic and diluted net loss per share of $0.18 for the three months ended October 31, 2015.

Liquidity and Capital Resources

As at October 31, 2016, the Company had cash of $12,742 and total assets of $28,444 compared to cash of $323 and total assets of $1,327 at April 30, 2016. The increase in cash and total assets was due to the fact that the Company received net proceeds of $142,844 from financing activities during the period, of which a portion of the amount of cash was remaining as at October 31, 2016. Furthermore, the Company recorded revenues of $31,000 during the period which resulted in an increase of trades accounts receivable to $13,202 at October 31, 2016 of which management estimates the entire balance to be collectible.

As at October 31, 2016, the Company had total liabilities of $985,896 compared to $477,202 at April 30, 2016. The increase in total liabilities is due to an increase in trade accounts payable and accrued liabilities of $39,998 due to an overall increase in business activity during the period, an increase in derivative liability of $418,079 as the Company entered into four new convertible debenture agreements during the current period, and an increase of $79,130 in the carrying value of convertible debentures and notes payable which reflects the net amount of the new convertible debentures and note payable that was entered into during the period. The increases were offset by a decrease in the amounts owed to related parties of $38,513 which is reflected by the amount that was repaid to related parties during the period.

As at October 31, 2016, the Company had a working capital deficit of $957,452 compared with a working capital deficit of $475,875 as at April 30, 2016. The increase in working capital deficit was due to an increase in total liabilities from the issuance of new convertible debentures and the adjustment of the fair value of the beneficial conversion feature for the Company's issued convertible debentures.

17

TABLE OF CONTENTS

Cash Flow from Operating Activities

During the period ended October 31, 2016, the Company used $130,425 of cash for operating activities as compared to $13,964 during the six months ended October 31, 2015. The increase in the use of cash for operating activities was due to increased operations.

Cash Flow from Investing Activities

During the periods ended October 31, 2016 and 2015, the Company did not have any investing activities.

Cash Flow from Financing Activities

During the period ended October 31, 2016, the Company received $142,844 of net cash from financing activities which included net cash of $180,000 from the issuance of convertible debentures and notes payable during the period offset by repayments to related parties of $37,156. During the six months ended October 31, 2015, the Company received $13,964 from related parties to assist in funding the cash needs of the Company.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive acquisitions and activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

Future Financings

We will continue to rely on equity sales of our Common Shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund our operations and other activities.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Recently Issued Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

<u>TABLE OF CONTENTS</u>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management carried out an evaluation under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective as of October 31, 2016, due to the material weaknesses resulting from the Board of Directors not currently having any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K, and controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Please refer to our Annual Report on Form 10-K/A as filed with the SEC on August 18, 2016, for a complete discussion relating to the foregoing evaluation of Disclosures and Procedures.

Changes in Internal Control over Financial Reporting

Our management has also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of our last evaluation.

The Company is not required by current SEC rules to include, and does not include, an auditor's attestation report. The Company's registered public accounting firm has not attested to Management's reports on the Company's internal control over financial reporting.

<u>PART II - OTHER INFORMATION</u>

ITEM 1. LEGAL PROCEEDINGS.

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

1. Quarterly Issuances:

Other than as previously disclosed, we did not issue any unregistered securities during the quarter.

2. Subsequent Issuances:

Other than as previously disclosed, we did not issue any unregistered securities subsequent to the quarter.

TABLE OF CONTENTS

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Filing
3.01	Articles of Incorporation	Filed with the SEC on June 11, 2010 as part of our Registration Statement on Form S-1.
3.02	Bylaws	Filed with the SEC on June 11, 2010 as part of our Registration Statement on Form S-1.
31.01	Certification of Principal Executive Officer Pursuant to Rule 13a-14	Filed herewith.
31.02	Certification of Principal Financial Officer Pursuant to Rule 13a-14	Filed herewith.
32.01	CEO and CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act	Filed herewith.
101.INS*	XBRL Instance Document	Filed herewith.
101.SCH*	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document	Filed herewith.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.

*Pursuant to Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

TABLE OF CONTENTS

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APPIPHANY TECHNOLOGIES HOLDINGS CORP.

Dated: December 15, 2016	/s/ Rob Sargent
	By: Rob Sargent Its: President, Principal Executive Officer & Principal Financial Officer (Principal Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Dated: December 15, 2016	/s/ Rob Sargent
	By: Rob Sargent
	Its: Director

21