

FarmaForce Limited

(ACN:167748843)

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CORPORATE DIRECTORY

ACN

167 748 843

Directors

George Elias, *Chair*

Dr George Syrmalis

Con Tsigounis

Harry Simeonidis, *General Manager*

Company secretary

Gerardo Incollingo

General manager

Harry Simeonidis

Registered office

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Auditors

RSM Australian Partners

Level 3, 60 Castlereagh Street

Sydney NSW 2000

Stock exchange listings

FarmaForce Limited shares are listed on the ASX Limited (ASX: FFC).

Website address

www.farmaforce.com.au

CHAIR'S REPORT

On behalf of the board of directors, we are pleased to present the operational and financial review for FarmaForce Limited for the year ending 30 June 2018.

This year has seen the company consolidate its position in the market and the results for this financial year have delighted the Board. Revenue growth over the last 12 months has been exceptional. The company is now cashflow positive and our loss for the year of \$482,828 (reduced from FY 17 of \$2,307,433) shows that we have reaped the rewards of our investments in our sales team, support staff and technology. We have entered into more contracts with new and existing customers and we expect continued revenue growth as a result.

Revenue for the 12 months to June 2018 was \$7.098M up from \$3.967M last year. Although our net assets declined to \$(0.890M) from \$(0.467M), it is pleasing to note that our cash balance has improved from \$0.254M to \$0.577M and our most significantly increased liability was \$1.368M of deferred revenue (\$0.233M last year).

I congratulate our General Manager Harry Simeonidis and his team on achieving these excellent results and would like to reiterate that our leadership team is committed to continuing to build the FarmaForce business and to strive to add value to our clients, shareholders and employees. I also extend sincere thanks to our shareholders for their patience and support as we implement our strategies to grow the company .



George Elias

Chair

OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review (“OFR”) is provided to assist shareholders’ understanding of the performance of FarmaForce Limited (“FarmaForce” or the “Company”) and the factors underlying the Company’s results and financial position for the period 1 July 2017 to 30 June 2018.

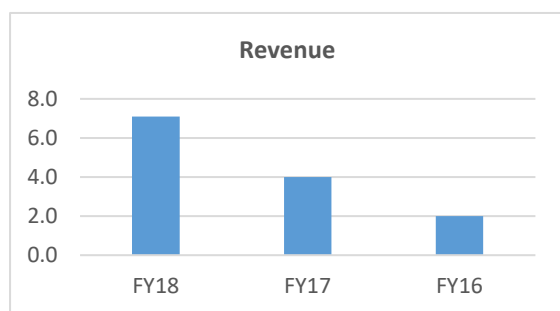
Detail that could give rise to likely material detriment to the company (for example, information that is commercially sensitive, is confidential or could give a third party commercial advantage) has not been included.

SUMMARY OF FINANCIAL RESULTS

- Increased market share
- Revenue increase of 79%
- Net loss after tax decreased by 79%
- Positive cash flow

\$A millions	FY18	FY17	Change
Revenue	7.1	4.0	3.1
Gross profit	2.6	0.2	2.4
Loss after tax	(0.5)	(2.3)	1.8
Cash from/(used) in operations	0.3	(1.1)	1.4

During the year, FarmaForce exceeded its revenue target by securing new contracts and clients and executing sales contracts that enable existing synergies with current teams and market segments it already owns. This way the Company has also realised economies of scale.



The Increase in market share has resulted in a 79% increase in revenue in the past year, and a cumulative revenue increase of 264% over the past two-year period.

Strong revenue growth teamed with attention to margin enhancement and cost containment, has resulted in a strengthening gross profitability and operating cash flow position, with net loss after

tax reducing by \$1.8 million in FY18, and having \$1.3 million less cash being used in operations.

With the accelerated growth of the Australian population and the continuous growth of the aging population, we expect the healthcare market will continue to grow over the next 5 years. It is still expected that the pharmaceutical market will exceed \$25 billion by 2020.

As the pharmaceutical industry is fundamentally changing and reinventing the business it has been founded on, FarmaForce continues to evaluate the market gap to ensure we are modifying our solutions and providing the most effective outcomes to our clients.

OPERATING HIGHLIGHTS

- Nominated for the 2018 ‘Sales Team Award’ for the 14th Annual PRIME Awards;
- Recognised by Health Care Practitioners (HCP) as the #1 CSO in Australia;
- Increased operational productivity resulting in a gross profit margin from 5% in 2017 to 37% in 2018;
- Increased number of clients by three times versus 2017;
- Investment in Business development which in turn increased market share and overall revenue.

DEMAND OF OUTSOURCED SALES SOLUTIONS INCREASES

There are between 8000 to 9700 field-based representatives in Australia and around 5 per cent of these are now outsourced. In the UK it is 30 per cent and around 9 per cent in the US. We expect the demand of outsourced field base representatives to continue to climb.

Traditionally, around 60 per cent of a big pharma company's marketing budget is spent on its sales force. These numbers are declining, and the trend is expected to continue, as generics further erode the pricing power of brand-name products and many major drug companies are now making substantial reductions in core sales force numbers.

Generic competition, in addition to the drying up of drug pipelines is also forcing drug companies to look at their cost structure and find new ways of reducing costs.

With the continued financial pressures and the increasing government pressure to reduce drug

prices, there will be an increase in drug companies looking for alternative solutions

The growth of outsourcing in general, sales force outsourcing is emerging as an alternative to building in-house sales teams.

Until recently, there were limited sales force outsourcing alternatives to independent sales reps and resellers other than building a direct sales force in-house. This option requires substantial capital and expertise; the cost of hiring, training and managing a direct sales force can be challenging.

FarmaForce operates as a service provider in this space, making us an ideal partner for companies with limited in-house sales expertise. More than just a sales force, FarmaForce is a strategic solution to building a direct sales operation without the capital costs and management overhead of recruiting and training in-house sales people.

About FarmaForce

FarmaForce is a specialist contract Sales Organisation (CSO) offering innovative sales solutions to the Australian pharmaceutical industry, through the provision of a broad and unique range of sales force solutions.

FarmaForce provide a bespoke results-based solution to every client, and is the only pharmaceutical CSO to be nominated as “best sales team” which ensure that every client is represented by the best possible sales organisation.

About The IQ Group Global

The IQ Group Global provides a turnkey solution for life science companies, spanning corporate advisory and investment banking, through to research, development, commercialization and sales.

The Group facilitates an end to end solution along the drug lifecycle creating the medicines of tomorrow.

DIRECTORS' REPORT

The Directors present their report together with the financial statements of FarmaForce Limited ("FarmaForce" or the "Company") as at and for the year ended 30 June 2018.

DIRECTORS

The names of Directors who held office of the Company at any time during the financial year and at the date of this report, together with information on their qualifications, experience, special responsibilities, other listed company directorships and other details, are as follows.

George Elias

Independent Non-Executive Chair
Appointed: 2 April 2015

Bachelor of Commerce (University of New South Wales), Diploma of Financial Planning (Dip. FP), Member CPA Australia, Certified Financial Planner® member of the Financial Planning Association of Australia, Graduate member of the Australian Institute of Company Directors.

George has over 30 years' experience in providing accounting and business advisory services. During this period, he has been involved in providing taxation and business advice to small and medium sized enterprises, including business structuring, cash flow forecasting, taxation and superannuation structure support and advice.

George is currently the principal at Elias Financial Services and has been providing financial and accounting advice as principal since July 1991. His business and financial acumen, coupled with his experience in dealing with necessary skills to chair the Board and provide strategic leadership to face any challenges that may arise.

George serves as a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of FarmaForce Limited.

Dr George Syrmalis

Executive Director and Group CEO
Appointed: 24 November 2015

Trained in Nuclear Medicine-Radiation Immunology.

Dr Syrmalis founded and led as CEO and Chair of The Bionuclear Group SA, (1995-2005) incorporating Antisoma SA, Bionuclear Institute of

Diagnosis and Therapy SA, Bionuclear Research and Development SA, and Vitalcheck SA.

Dr Syrmalis is currently the Chair and Executive Director of iQnovate Ltd, and Executive Director of iQX Limited. Both companies are listed on the National Stock Exchange of Australia.

Con Tsigounis

Non-Executive Director
Appointed: 22 June 2015

Member of the Australian Institute of Company Directors.

Con has over 21 years' experience in business and investor relations, specifically in the wholesale and retail sectors. As a member of the Board of iQnovate Ltd since its inception, Con has been responsible for executing that company's investor relations and capital raising strategy. His experience in Shareholder relationship management gives him the necessary skillset to assist the Company attain its corporate objectives.

Con serves as a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of FarmaForce Limited.

Stamatia Tolias

Independent Non-Executive Director

Appointed: 2 April 2015
Resigned: 14 August 2017

Bachelor of Science (Nursing), Master's Degree (Mental Health), Member Nurses Association (Greece).

Stamatia currently works as a research nurse in a mental health organization where she has been employed for the two and a half years. She is currently undertaking studies for her PhD at the national Kapodistrian University of Athens and is expected to further develop expertise in Quality Use of Medicines (QUM) principles.

The Company derives many benefits from Stamatia's understanding of international standards of QUM principles.

DIRECTORS (CONTINUED)

Harry Simeonidis

Executive Director and General Manager
Appointed: 14 August 2017

Harry has more than 26 years' experience in the healthcare industry in Australia and Asia. Prior to joining FarmaForce, he was the Chief Executive Officer of GE Healthcare Australia for over nine years and Director of GE Healthcare Pty Ltd and other related GE Healthcare legal entities.

Harry has demonstrated success in driving strategy and transformation to deliver value for stakeholders.

Harry serves as a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of FarmaForce Limited.

COMPANY SECRETARY

Gerardo Incollingo

Gerardo was appointed Company Secretary on 22 August 2016. Gerardo is Managing Director of LCI Partner's, a firm of accountants.

PRINCIPAL ACTIVITIES

During the year the principal activity of FarmaForce Limited was the provision of services as a contract sales organisation.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

REVIEW OF OPERATIONS

Information on the operations and financial position of FarmaForce and its business strategies and prospects are set out in the operating and financial review ("OFR") on page 4.

Information in the OFR is provided to enable shareholders to make an informed assessment about the Company's strategies and prospects for future financial years. Detail that could give rise to likely material detriment to the Company (for example, information that is commercially sensitive, is confidential or could give a third party commercial advantage) has not been included.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the financial half year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect the Company's operations or results of those operations or the Company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION

The Directors recognise the importance of environmental and workplace health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees.

The operations of the Company are not subject to any particular and significant environmental regulation under the laws of the Commonwealth of Australia or any of its states or territories.

Based on results of enquiries made, the Board is not aware of any significant breaches of environmental regulations during the period covered by this report.

USE OF FUNDS

In accordance with ASX listing Rule 4.10.19, the Company states that for the whole of the reporting period it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

The Company believes it has used its cash in a consistent manner to which was disclosed under the Replacement Prospectus dated 10 August 2015

ROUNDING OF AMOUNTS

The amounts in the interim financial statements have been rounded off to the nearest dollar in accordance with ASIC Corporation Instrument 2016/191.

DIRECTORS (CONTINUED)

MEETINGS OF DIRECTORS

The number of Directors' meetings held (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year are set out in the table below.

Director	Full meetings of directors		Meetings of committees			
			Audit & Risk Management ¹		Remuneration & Nomination ²	
	A	B	A	B	A	B
George Elias	6	6	1	1	1	1
Dr George Syrmalis	6	6	-	-	-	-
Con Tsigounis	6	6	1	1	1	1
Stamatia Toliás (resigned 14 August 2017)	-	-	1	1	1	1
Harry Simeonidis (appointed 14 August 2017)	5	5	-	-	-	-

A – Eligible to attend

B – Attended

¹The Audit & Risk Management Committee is comprised of three members, being three directors, being Mr Elias, Mr Tsigounis and Mr Simeonidis. The composition of the Audit & Risk Management Committee changed on 14 August 2017 with the cessation of Mr Toliás and the appointment of Harry Simeonidis.

²The composition of the Remuneration & Nomination Committee changed on the 14 August 2017 with the resignation of Stamatia Toliás and the appointment of Harry Simeonidis.

REMUNERATION REPORT

The Remuneration Report is set out on pages 10 to 16 and forms part of the Directors' Report for the year ended 30 June 2018.

DIRECTORS INTERESTS

The relevant interests of each Director in the equity of the Company at the date of this report are set out in the following table.

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares ¹	Number of additional Ordinary Shares subject to escrow
George Elias	838,159	125,000	-
Dr George Syrmalis	10,000	-	-
Con Tsigounis	74,414	-	-
Harry Simeonidis (appointed 14 August 2017)	-	-	-
Stamatia Toliás (resigned 14 August 2017)	-	-	-

¹The Loyalty options were issued on the 23 October 2015, exercisable at 20 cents, expiring 23 October 2018. The option holders must be holding the underlying shares, being one share for one option, to be able to exercise the option.

DIRECTORS (CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Company and those named and referred to above including the directors, company secretaries, officers and certain employees of the Company and related bodies corporate as defined in the insurance policy. The insurance is appropriate pursuant to section 199B of the Corporates Act 2001.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2018, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, RSM Australia Partners ("RSM") during the year ended 30 June 2018.

Details of the amounts paid to the auditor of the Company, RSM and its network firms for audit services provided during the year ended 30 June 2018 are disclosed in note 22 of the consolidated financial statements.

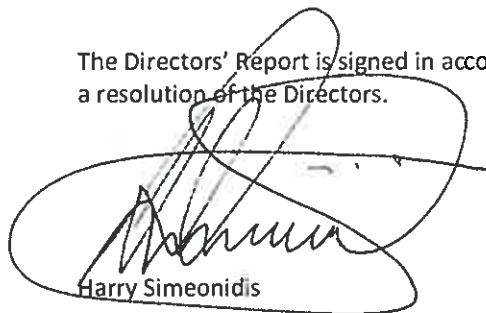
AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 28 and forms part of the Directors' Report for the year ended 30 June 2018.

ROUNDING OF AMOUNTS

The amounts in the consolidated financial statements have been rounded off to the nearest dollar in accordance with ASIC Corporation Instrument 2016/191.

The Directors' Report is signed in accordance with a resolution of the Directors.



Harry Simeonidis
General Manager

Sydney

28 September 2018.

REMUNERATION REPORT(AUDITED)

This remuneration report outlines the remuneration arrangements for Non-Executive Directors, Executive Directors and other Key Management Personnel (“KMP”) of the Company for the financial year ended 30 June 2018.

The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The report is presented under the following sections:

1. Key management personnel (KMP) covered in this report
2. Remuneration governance
3. Executive KMP remuneration arrangements
 - A. Remuneration principles and strategy
 - B. Detail of incentive plans
4. Executive KMP remuneration outcomes (including link to performance)
5. Executive KMP contractual arrangements
6. Non-executive director arrangements
7. Additional disclosures relating to options and share

1. KEY MANAGEMENT PERSONNEL

The table below outlines the KMP at any time during the financial year, and unless otherwise indicated, they were KMP for the entire year.

Name	Position	Term as KMP
Non-Executive Directors		
George Elias	Non-Executive Director and Chair	Entire year
Con Tsigounis	Non-Executive Director	Entire year
Stamatia Toliás	Non-Executive Director	Until 14 August 2017
Executive Directors		
Dr George Syrmalis	Executive Director and Group CEO	Entire year
Harry Simeonidis	Executive Director and General Manager	Effective 14 August 2017

Stamatia Toliás ceased to be a Director on 14 August 2017.

2. REMUNERATION GOVERNANCE

The Board has established a remuneration and nomination committee (“RNC”) which is currently comprised of the following members:

Committee member

George Elias	Chair of RNC
Con Tsigounis	
Harry Simeonidis	Member appointed 14 August 2017
Stamatia Toliás	Member until resigned as a Director 14 August 2017

2. REMUNERATION GOVERNANCE (CONTINUED)

The key responsibility of the RNC is to assist the Board in its oversight of:

- the remuneration framework and policy for Executive and employee reward;
- the determination of appropriate Executive reward, including advice on structure, quantum and mix;
- the determination of achievement of performance measures included in any variable remuneration plan;
- compliance with applicable legal and regulatory requirements; and
- board size, composition and succession planning.

A full charter outlining the RNC’s responsibilities is available at: www.farmaforce.com.au/corporate-governance/.

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

3A Remuneration principles and strategy

In FY2018 the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Company and aligned with market practice. Remuneration levels are considered annually through a remuneration review which considers market data and the performance of the Company and individual.

3B Detail of incentive plans

Short-term incentive (STI)

The Company operates an annual STI program available to executives and awards a cash incentive subject to the attainment of clearly defined key performance measures.

A summary of the Executive STI plan in effect during FY18 is provided below:

Who participates?	Harry Simeonidis
How is STI delivered?	Cash
What is the STI opportunity?	Up to 20% of base salary
What are the performance conditions for FY18?	Individual performance goals against annual plans.
How is performance assessed?	On an annual basis, after consideration of performance against key performance indicators (KPI).

Employee benefit plan (EBP)

EBP grants are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term.

The following table explains the key features of the EBP awards offered to Executives during FY18.

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS (CONTINUED)

Who participates?	All employees of the group.
How is LTI delivered?	Entitlement to shares and performance rights.
What are the performance conditions for the FY18 grant?	Individual performance goals against annual plans.
How is performance assessed?	At the end of the relevant performance period, the Company will determine whether and to what extent the participant has satisfied the applicable performance criteria.
When does the award vest?	Awards vest after a total of three years' continual service following achievement of the applicable performance criteria.
How are grants treated on termination?	The participant must be a current employee at vesting date in order to be entitled to shares.
How are grants treated if a change of control occurs?	If a takeover bid or other offer is made to acquire some or all of the issued shares of the Company, participants will generally be entitled to request that all performance rights vest immediately, regardless of whether the relevant performance conditions have been satisfied.
Do participants receive distributions or dividends on unvested EBP grants?	Participants do not receive distributions or dividends on unvested EBP grants.

No LTI was due for testing in FY18 as no service periods had yet been met.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR 2018

Group performance and its link to STI

Key performance Indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPI's target areas the Company believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short-term and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

The table below provides a summary of the Company's performance in FY18. The information below is taken into account by the board when setting and determining short-term and long-term remuneration for KMP.

Short-term incentive payments or EBP awards were made in the period to 30 June 2018 (see table below for details). No short-term incentive payments or EBP awards were made in the period 30 June 2017.

Share performance				Earning performance A\$ millions	
Period	Closing share price at 30 June	Dividend per share	EPS	Revenue	Loss after tax
FY2018	\$0.10	NIL	(\$0.38)	\$7.1	(\$0.5)
FY2017	\$0.10	NIL	(\$1.81)	\$4.0	(\$2.3)
FY2016	\$0.14	NIL	(\$4.34)	\$2.0	(\$3.8)

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR 2018 (CONTINUED)

Executive KMP remuneration disclosure for the year ended 30 June 2018

The following table of executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2017 to 30 June 2018.

KMP		Short Term				Post employment	Share based payments		Total	
Name	Year	Base salary	Cash bonus	Non-cash benefit	Other	Super-annuation	Options	Shares	Total	Performance related %
Harry Simeonidis	2018	258,567	18,647		22,831	26,692	-	-	326,737	6%
	2017	65,423	-	1,464	-	6,055	-	-	72,942	-
George Syrmalis	2018	-	-	-	22,831	2,169	-	-	25,000	-
	2017	-	-	-	-	-	-	-	-	-
Total executive KMP	2018	258,567	18,647	-	45,662	28,861	-	-	351,737	5%
	2017	65,423	-	1,464	-	6,055	-	-	72,942	-

5. EXECUTIVE KMP CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for executive KMP are formalised in employment agreements. The key terms and conditions of executive employment agreements for the year ended 30 June 2018 are outlined in the table below.

Dr George Syrmalis is the Group Chief Executive Officer and is employed by the group parent entity iQnovate Ltd. Dr George Syrmalis does not have an employment agreement with FarmaForce Limited in his capacity as Group CEO.

Executive	Position	Effective date	Fixed annual remuneration ¹	Term	Executive notice period	Company notice period ²	Termination payment
Harry Simeonidis	General Manager	27 March 2017	\$267,125	Ongoing	3 months	3 months	Subject to the termination benefits cap under the Corporations Act

¹ Fixed Annual Remuneration includes base salary plus superannuation contributions in accordance with Superannuation Guarantee legislation (\$243,950 gross salary), plus \$24,000 car allowance.

² The Company may terminate employment immediately and without notice in certain circumstances, including where the executive has committed a serious or persistent breach of their employment agreement or where the executive has been dishonest or fraudulent in the course of performing their duties.

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Determination of fees and maximum aggregate NED fee pool

The Constitution of the Company provides that non-executive directors, other than a Managing Director or an Executive Director, are entitled to director's fees as determined by the Directors, but not exceeding in aggregate for any financial year, the maximum sum that is from time to time approved by the Company in General Meeting. At the date of this report this maximum sum is \$300,000 (inclusive of superannuation).

Fee policy

NED fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by NEDs who serve on board committees. Directors who also chair the Audit and Risk Management Committee shall be entitled to an additional fee of \$5,000 (including superannuation) per annum. The chair of the board attends all committee meetings but does not receive any additional committee fees in addition to base fees.

NEDs may be reimbursed for expenses reasonably incurred in attending to the Company's affairs. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

Statutory remuneration table for FY18

The table below sets out the elements of NED fees and other benefits provided during 2018.

Fees applicable for 2018	Chair	Member
Board	\$40,000	\$40,000
Audit and Risk Management Committee	\$5,000	Nil
Remuneration and Nomination Committee	Nil	Nil
Superannuation	Included in above amounts.	
Other	Reimbursement of travel and other expenses necessarily incurred in exercising their duties.	

Non-executive remuneration disclosure for the year ended 30 June 2018

The following table of non-executive remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2017 to 30 June 2018. All amounts are in AUD.

NED	Year	Board and Committee fees	Non-cash benefits	Super-annuation	Total	Performance Related %
George Elias	2018	39,954	-	3,796	43,750	-
	2017	31,964	-	3,036	35,000	-
Stamatia Tolia (resigned 14 Aug 2017)	2018	2,917	-	-	2,917	-
	2017	35,000	-	-	35,000	-
Con Tsigounis	2018	22,831	-	2,169	25,000	-
	2017	-	-	-	-	-
Total NED	2018	65,702	-	5,965	71,667	-
	2017	66,964	-	3,036	70,000	-

Dr George Syrmalis is employed by the parent entity of FarmaForce, IQNovate ("IQN"), in the capacity of Group CEO. Dr George Syrmalis does not receive remuneration of any kind from FarmaForce Limited in his capacity as the IQN Group CEO.

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS (CONTINUED)

Con Tsigounis is employed by the parent entity of FarmaForce, being iQNovate Ltd. Con Tsigounis for the period FY 2017 did not receive remuneration of any kind from FarmaForce Limited in his capacity as a Non-Executive Director of FarmaForce.

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

Movements in Equity Holdings of KMP

The following table sets out the movement during the reporting period in the number of ordinary shares in FarmaForce Ltd held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2017	Granted as remuneration	Received on vesting of rights	Net change other [^]	Forfeited	Held at 30 June 2018
Non-executive Directors						
George Elias	342,534	-	-	495,625	-	838,159
Con Tsigounis	39,500	-	-	34,914	-	74,414
Stamatia Tolias	-	-	-	-	-	-
Executive Directors						
Dr George Syrmalis	10,000	-	-	-	-	10,000
Harry Simeonidis	-	-	-	-	-	-
Total KMP	392,034	-	-	530,539	-	922,573

[^] On-market purchase of fully paid ordinary shares.

Movements in Options Holdings of KMP

The following table sets out the movement during the reporting period in the number of pre-IPO Options in FarmaForce Ltd held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2017	No. granted as remuneration	No. vested	No. cancelled	No. forfeited	Held at 30 June 2018
Non-executive Directors						
George Elias	125,000	-	-	-	-	125,000
Con Tsigounis	-	-	-	-	-	-
Stamatia Tolias	-	-	-	-	-	-
Executive Directors						
Dr George Syrmalis	-	-	-	-	-	-
Harry Simeonidis	-	-	-	-	-	-
Total KMP	125,000	-	-	-	-	125,000

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES (CONTINUED)

Performance rights table

	Remuneration type	Grant date	Grant Value	% Vested /paid during year	Expiry date for vesting or payment
Executive Directors					
Harry Simeonidis	Shares	27/3/18	5,000	-	26/3/21

Reason for grant – Performance rights

All grants are in accordance with the Employee Share Scheme (ESS)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of FarmaForce Limited (**FarmaForce**) is responsible for the corporate governance of FarmaForce. The Board guides and monitors the business of FarmaForce on behalf of its shareholders.

FarmaForce and its Board of Directors (**Board**) continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of FarmaForce's corporate governance policies and practices as fundamental to its successful growth.

The Board has included in its corporate governance policies those matters contained in the ASX Limited Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**ASX Recommendations**) where applicable. However, the Board also recognises that full adoption of the ASX Recommendations may not be practical or provide the optimal result given the particular circumstances of FarmaForce.

This corporate governance statement is effective as at 20 September 2018. It has been approved by the Board and outlines FarmaForce's corporate governance policies and practices that it has adopted.

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>Principle 1: Lay solid foundations for management and oversight <i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i></p>		
<p>Recommendation 1.1 A listed entity should disclose: a) The respective roles and responsibilities of its board and management; and b) Those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes</p>	<p>The Board has adopted a Board Charter which clearly sets out the way FarmaForce is governed and articulates the division of responsibilities between the Board and the Executive Team.</p> <p>The Board is responsible for the overall operation and stewardship of FarmaForce and, in particular, is responsible for the long-term growth and profitability of FarmaForce. The Board Charter was most recently reviewed and amended in July 2015 and may be reviewed by the Board as required. A copy of the Board Charter is available at http://www.farmaforce.com.au/corporate-governance/.</p> <p>The Board has established two Committees. They are:</p> <ul style="list-style-type: none"> • the Audit and Risk Committee (A&R Committee); and • the Remuneration and Nomination Committee (R&N Committee).

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
		<p><u>Delegation to the Executive Team</u></p> <p>The Board has delegated to the Executive Team responsibility for implementing FarmaForce’s strategic direction and for the general and overall management of FarmaForce.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>Prior to appointing a Director or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person’s criminal history and bankruptcy history.</p> <p>When presenting a Director for re-election, FarmaForce provides shareholders with all material information in FarmaForce’s possession relevant to a decision whether or not to elect or re-elect a director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment.</p>	Yes	<p>New Directors consent to act as a Director and receive a formal letter of appointment which sets out their duties and responsibilities, rights, remuneration, entitlements and other terms of their appointment.</p> <p>Each Executive is employed under a Service Agreement which sets out the terms upon which they are employed including details such as duties and responsibilities, rights, term of employment and remuneration (Service Agreement). Each Service Agreement also sets out the circumstances in which the employment of the Executive may be terminated by either FarmaForce or the Executive, including details of the notice periods required to be given by either party, and the amounts payable to the Executive in lieu of notice where applicable.</p>
<p>Recommendation 1.4</p> <p>The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	Yes	<p>The Company Secretary is responsible for the operation and management of FarmaForce’s secretariat function. The Company Secretary reports to the Chairman (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>a) Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</p> <p>b) Disclose that policy or a summary of it</p> <p>c) Disclose at the end of each reporting period the</p>	No – Refer Comments	<p>FarmaForce’s Diversity Policy describes FarmaForce’s approach to diversity and inclusion and how these attributes are to be embedded in FarmaForce’s culture.</p> <p>FarmaForce is an equal opportunity employer, which employs and promotes on the basis of merit. FarmaForce’s Diversity Policy extends beyond gender and recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, gender, ethnicity and experience. FarmaForce believes its diverse workforce is the key to its continued growth, improved productivity and performance. FarmaForce does not have measurable objectives in place and does not comply with Recommendation 1.5. However, the Board feels that through being an equal opportunity employer, which employs and promotes on the basis of merit, FarmaForce is already achieving gender diversity within the organisation as reflected in the following table:</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce														
<p>measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(i) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes); or</p> <p>(ii) If the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<table border="1" data-bbox="1133 296 1796 651"> <thead> <tr> <th></th> <th>Proportion of Women</th> </tr> </thead> <tbody> <tr> <td>Whole organisation <i>(exc. board)</i></td> <td>49%</td> </tr> <tr> <td>Sales team</td> <td>42%</td> </tr> <tr> <td>Management</td> <td>71%</td> </tr> <tr> <td>Other</td> <td>0%</td> </tr> <tr> <td>Senior executives</td> <td>0%</td> </tr> <tr> <td>Board</td> <td>0%</td> </tr> </tbody> </table> <p>FarmaForce's Diversity Policy is published on FarmaForce's website at: http://www.farmaforce.com.au/corporate-governance/</p>		Proportion of Women	Whole organisation <i>(exc. board)</i>	49%	Sales team	42%	Management	71%	Other	0%	Senior executives	0%	Board	0%
	Proportion of Women															
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Board	0%															
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p><u>Evaluation of Board and Individual Directors</u></p> <p>As stated in the Board Charter and the Remuneration and Nomination Committee Charter, the Committee has developed a process for periodically evaluating the performance of the Board and its Committees. FarmaForce's policies provide for the Board to regularly review its own performance and the performance of individual Directors.</p> <p>An independent review of the performance of the Board may be conducted from time to time.</p> <p>As at the end of the reporting period, FarmaForce has not conducted a performance evaluation in relation to the reporting period. The Board intends to conduct a performance evaluation periodically.</p>														
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The performance of Senior Executives is reviewed against specific measurable and qualitative indicators set out in the relevant Executive's Service Agreement, which may include:</p> <ul style="list-style-type: none"> ➤ Financial measure of FarmaForce's performance ➤ Achievement of strategic objectives; and ➤ Achievement of key operational targets. <p>During the reporting period performance evaluations of the Senior Executives were undertaken by FarmaForce in accordance with these processes.</p>														
<p>Principle 2: Structure the Board to add value</p> <p><i>A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively</i></p>																

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>a) Have a Nomination Committee which:</p> <p>(i) Has at least three members, a majority of whom are independent directors; and</p> <p>(ii) Is chaired by an independent director, and disclose:</p> <p>(iii) The charter of the Committee</p> <p>(iv) The members of the Committee</p> <p>(v) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have a Nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>No – Refer Comments</p>	<p>The Board has established a R&N Committee. The Committee is currently comprised of Mr George Elias (independent Director), Mr Con Tsigounis (non-executive Director) and Mr Harry Simeonidis (executive Director) (R&N Committee). Mr Elias is the Chairman of the R&N Committee and is considered by the Board to be an independent Director.</p> <p>The R&N Committee does not currently have a majority of independent Directors and does not comply with Recommendation 2.1. Given the size of FarmaForce, however, the Board is confident that the R&N Committee has the breadth of experience necessary to effectively meet all the requirements under the Charter.</p> <p>The R&N Committee has adopted a formal Charter that is available on FarmaForce’s website.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership</p>	<p>No – Refer Comments</p>	<p>FarmaForce seeks to maintain a board of directors with a broad range of commercial and other skills, experiences and knowledge relevant to overseeing the business of a contract sales organisation.</p> <p>Whilst the Board does not have a formal board skills matrix, and therefore does not comply with Recommendation 2.2, the Board does have regard to the existing skill sets of directors when considering new appointments.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>a) The names of the Directors considered by the Board to be independent Directors;</p> <p>b) If a Director has an interest, position, association or relationship of the type described in box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an</p>	<p>Yes</p>	<p>FarmaForce considers a director to be independent if that person is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning FarmaForce’s business.</p> <p>Mr George Elias is considered by the Board to be an independent member of the Board.</p> <p>The length of service of each Director is as follows:</p> <ul style="list-style-type: none"> ➤ Mr George Elias, 3 years and 5 months; ➤ Dr George Syrmalis, 2 year and 10 months; ➤ Mr Con Tsigounis, 3 years and 2 months;

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>explanation of why the Board is of that opinion; and</p> <p>c) The length of service of each Director</p>		➤ Mr Harry Simeonidis, 1 year.
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors</p>	No – Refer Comments	<p>The Board is comprised of four members (Mr George Elias, Mr Con Tsigounis, Dr George Syrmalis, and Mr Harry Simeonidis) and has a majority of non-executive Directors. Mr Elias is considered by the Board to be independent. Mr Tsigounis and Dr Syrmalis are nominee Directors of FarmaForce’s majority shareholder, iQnovate Ltd, and are not considered independent. The fourth member, Mr Simeonidis, is FarmaForce’s only executive Director.</p> <p>Accordingly, FarmaForce does not have a majority of independent Directors and does not comply with Recommendation 2.4. The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors considering the size and complexity of the business.</p>
<p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	The Chairman of the Board is Mr George Elias, an independent, non-executive Director.
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	Yes	<p>A new director is offered an induction and training program about FarmaForce, its policies and charters and director’s roles and responsibilities. New directors also have the opportunity to meet with key management staff.</p> <p>As part of its ongoing review of its own performance and skill set, the Board provided professional development opportunities by updating directors on skillsets required specific to the organisation.</p>
<p>Principle 3: Act Ethically and responsibly</p> <p><i>A listed entity should act ethically and responsibly</i></p>		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>a) Have a code of conduct for its Directors, senior executives and employees; and</p> <p>b) Disclose that code or a summary of it</p>	Yes	<p>The Board insists on the highest ethical standards from all officers and employees of FarmaForce and is conscious to ensure appropriate corporate professional conduct at all times. As such, the Board has adopted a Code of Conduct to provide a set of guiding principles which must be observed by all Directors, senior executives and employees of FarmaForce.</p> <p>A copy of the Code of Conduct is available on the FarmaForce website.</p>
<p>Principle 4: Safeguard integrity in corporate reporting</p> <p><i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</i></p>		

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>a) Have an Audit Committee which:</p> <p>(i) Has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) Is chaired by an independent Director, who is not the chair of the Board, and disclose:</p> <p>(iii) The Charter of the Committee;</p> <p>(iv) The relevant qualifications and experience of the members of the Committee; and</p> <p>(v) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>No – Refer Comments</p>	<p>The Board has established an A&R Committee to provide assistance to the Board and has adopted a formal Charter for the A&R Committee. A copy of the A&R Committee’s Charter is available on the FarmaForce website.</p> <p>The A&R Committee comprises of Mr Elias (independent Director), Mr Tsigounis (non-executive Director) and Mr Harry Simeonidis (executive Director).</p> <p>FarmaForce does not comply with Recommendation 4.1. The Board considers that the size of the A&R Committee is generally appropriate with regards to the size and complexity of the business.</p> <p>During the subsequent reporting period, the Board will consider whether it is necessary or appropriate to make a further appointment to the A&R Committee.</p> <p>The qualifications and experience of the members of the A&R Committee, the number of times the A&R Committee has met and the respective member attendees during the reporting period are disclosed in the Annual Report.</p>
<p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes</p>	<p>In addition to the role of the A&R Committee in reviewing and reporting on the financial statements, prior to the financial statements for a financial year being presented to the Board for their approval, the CEO and CFO provide the Board with a declaration that, in their opinion, the financial records of FarmaForce have been properly maintained in accordance with the Corporations Act and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of FarmaForce and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	The Auditor is invited to attend each Annual General Meeting of FarmaForce, and to be available to answer shareholder questions about the conduct of the audit and preparation and content of the Auditor's Report.
<p>Principle 5: Make timely and balanced disclosure</p> <p><i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>b) Disclose that policy or a summary of it.</p>	Yes	<p>FarmaForce has adopted a Continuous Disclosure Policy to ensure that FarmaForce effectively discharges its disclosure obligations in compliance with the Listing Rules in order to keep the market informed of events and developments relating to FarmaForce and its affairs.</p> <p>The FarmaForce Continuous Disclosure Policy is available on FarmaForce's website.</p>
<p>Principle 6: Respect the rights of security holders</p> <p><i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>The FarmaForce website contains information about FarmaForce which may assist an investor in making an informed decision about FarmaForce.</p> <p>FarmaForce's website includes information regarding its governance and relevant policies: http://www.farmaforce.com.au/corporate-governance/</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>FarmaForce has established a formal Shareholder Communications Strategy and takes appropriate measures to keep shareholders informed about its activities.</p> <p>FarmaForce communicates with its shareholders through its annual report, disclosures to the ASX, at the Annual General Meeting (AGM) and via FarmaForce's website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from FarmaForce, via FarmaForce's Registry and can communicate with FarmaForce via email.</p> <p>Through various means of communication, FarmaForce aims to provide shareholders with a clear and balanced understanding of the aims and objectives of FarmaForce. Copies of all relevant corporate governance documents relating to FarmaForce can be found in the corporate governance section of FarmaForce's website.</p> <p>All shareholders have the opportunity to attend the Annual General Meeting and submit questions.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>Shareholders are encouraged to attend and participate at general meetings. Accordingly, the Board will ensure that meetings are held during normal business hours and at a location considered to be most convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials will be included on FarmaForce's website. Information will be presented in a clear and concise manner and designed to provide shareholders and the market with full and accurate information.</p> <p>At the AGM, the Chairman followed the process of addressing any relevant questions from shareholders. In addition, FarmaForce ensured that FarmaForce's Auditor attended the AGM or other meetings of FarmaForce and shareholders were afforded the opportunity of asking FarmaForce's Auditor questions regarding the conduct and content of the audit.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>FarmaForce encourages its shareholders to receive communications from it and its share registry electronically.</p>
<p>Principle 7: Recognise and manage risk</p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>a) Have a Committee or Committees to oversee risk, each of which:</p> <p>(i) Has at least three members, a majority of whom are independent directors; and</p> <p>(ii) Is chaired by an independent director, and disclose</p> <p>(iii) The Charter of the Committee</p> <p>(iv) The members of the Committee; and</p> <p>(v) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have a Risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management</p>	No – Refer Comments	<p>The Board has overall responsibility to ensure that there is a sound system of risk management and internal controls across the business. Due to the size of FarmaForce and scale of operations of its business, FarmaForce does not have a separate Risk Committee, but rather a combined A&R Committee.</p> <p>The Board has delegated responsibility for the identification, assessment and management of risks relating of both FarmaForce's internal and external controls to FarmaForce's A&R Committee.</p> <p>See item 4.1 for details of the composition of the Audit and Risk Committee.</p> <p>The number of times the Committee has met and attendance by members during the reporting period is disclosed in FarmaForce Annual Report.</p> <p>The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors on the A&R Committee considering the size and complexity of the business.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
framework		
<p>Recommendation 7.2</p> <p>The Board or a Committee of the Board should:</p> <p>a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b) Disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board of FarmaForce retains overall responsibility of FarmaForce's Risk Management framework with the assistance of the A&R Committee. It understands that the management of risk is a continuous process and an integral part of good business management and corporate governance. FarmaForce operates within the services sector, and is therefore exposed to a range of risks, which include (but are not limited to) market, operational, regulatory and reputational risks.</p> <p>The A&R Committee is responsible for the co-ordination and continued improvement of the Risk Management Framework. The Risk Management Framework has been designed to allow the Board to oversee the risk management process with assistance from the A&R Committee and management. The Board is responsible for setting FarmaForce's risk appetite and ensures that it regularly reviews the risk profile for the business.</p> <p>During the reporting period the A&R Committee has considered and reported to the Board on a review of FarmaForce's Risk Management Framework. Both the A&R Committee and the Board is satisfied that the Risk Management Framework in place in respect of FarmaForce is sound.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>a) If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>FarmaForce does not at this time have an internal audit function. At present FarmaForce has in place comprehensive processes for evaluating and continually improving the effectiveness of its Risk Management Framework and its internal Financial Control Process. See Recommendation 7.2 above for further details.</p> <p>The Board has overall responsibility for the Risk Management Framework including receiving regular reports from the A&R Committee on the risk profile of FarmaForce. The A&R Committee provides assistance to the Board to fulfil its oversight responsibility for risk management.</p> <p>The Risk Management Framework has been designed to allow the Board to oversee the risk management process with assistance from the A&R Committee and management. The Board is responsible for setting FarmaForce's risk appetite and ensures that it reviews the risk profile for the business.</p> <p>During the reporting period, the A&R Committee has considered and reported to the Board on a review of FarmaForce's Risk Management Framework. Both the A&R Committee and the Board are satisfied that the Risk Management Framework in place in respect of FarmaForce is sound.</p> <p>The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability</p>	Yes	<p>The Board does not believe that FarmaForce has any material exposure to economic, environmental and social sustainability risk that it has not mitigated to the extent reasonably practicable.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
risks and, if it does, how it manages or intends to manage those risks.		The Board is responsible for managing the risks FarmaForce is subject to. See Recommendations 7.2 and 7.3 for further details on general risk management. FarmaForce is exposed to ordinary business and economic risks in the ordinary course of business.
<p>Principle 8: Remunerate fairly and responsibly <i>A listed entity should pay director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i></p>		
<p>Recommendation 8.1 The Board of a listed entity should:</p> <p>a) Have a remuneration committee which:</p> <p>(i) Has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) Is chaired by an independent Director,</p> <p>(iii) And disclose</p> <p>(iv) The Charter of the Committee</p> <p>(v) The members of the Committee; and</p> <p>(vi) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	No – Refer Comments	<p>The Board has established a combined Remuneration and Nomination Committee (R&N Committee) to assist and advise it on remuneration and recruitment policies and practices (refer to Recommendation 2.1).</p> <p>The R&N Committee is comprised of Mr George Elias (independent Director), Mr Con Tsigounis (non-executive Director) and Mr Harry Simeonidis (executive Director). Mr Elias is the Chair of the Committee and is considered by the Board to be an independent Director. For the majority of the reporting period, the Committee comprised three members. Accordingly, the R&N Committee does not have a majority of independent Directors and, therefore, does not comply with Recommendation 8.1</p> <p>The R&N Committee has adopted a formal Charter that is available on FarmaForce’s website.</p> <p>The number of times the R&N Committee has met and respective attendances by members during the reporting period is disclosed in FarmaForce’s annual report.</p> <p>The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors on the R&N considering the size and complexity of the business.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives</p>	Yes	<p>Details of the remuneration practices and the level of remuneration paid to Directors and Key Management Personnel is set out in the Remuneration Report found in FarmaForce’s Annual Report.</p>
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p>	Yes	<p>FarmaForce has in place an equity based Employee Share Plan, a copy of which was lodged with the ASX on 23 October 2015. In addition, a summary of the terms of the Plan were detailed in FarmaForce’s prospectus dated 10 August 2015. Pursuant to FarmaForce’s Security Trading Policy (a copy of which was</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by FarmaForce
<p>a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b) Disclose that policy or a summary of it</p>		<p>lodged with the ASX on 23 October 2015), Directors and key management personnel holding shares under the Employee Share Plan may not deal (including sell, create a security interest in or otherwise dispose of) with those securities without the prior written consent of FarmaForce. Otherwise FarmaForce has no policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of FarmaForce Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

David Talbot

David Talbot
Partner

Sydney, NSW
Dated: 28 September 2018

FARMAFORCE LIMITED
STATEMENT OF PROFIT OR LOSS
FOR YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	Note	2018	2017
Revenue	6	7,098,309	3,967,513
Cost of sales		(4,485,204)	(3,735,950)
Gross profit		2,613,105	231,563
Other income	7(a)	16	4,882
Expenses			
Employee benefits expense	7(c)	(1,502,975)	(1,079,247)
Overhead sharing cost		(597,009)	(313,192)
Depreciation and amortisation expense		(58,705)	(48,515)
Other expenses	7(d)	(873,123)	(1,042,412)
Finance costs	7(b)	(35,484)	(2,553)
Share of loss of associated companies net of tax	19	(28,653)	(57,959)
Loss before income tax expense		(482,828)	(2,307,433)
Income tax expense	8	-	-
Net loss attributable to owners of FarmaForce Limited		(482,828)	(2,307,433)

Loss per share for the period attributable to the ordinary equity holders of the Company:

Basic loss per share (cents per share)	17	(0.38)	(1.81)
Diluted loss per share (cents per share)	17	(0.38)	(1.81)

The above statement of profit or loss should be read in conjunction with the accompanying notes to the financial statements.

FARMAFORCE LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Net loss for the period		(482,828)	(2,307,433)
Other comprehensive income			
Other comprehensive income for the period		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of FarmaForce Limited		(482,828)	(2,307,433)

The above statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

FARMAFORCE LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Assets			
Current assets			
Cash and cash equivalents	9	576,883	254,321
Trade and other receivables	10	1,249,612	396,953
Other current assets	11	37,145	37,506
Total current assets		1,863,640	688,780
Non-current assets			
Trade and other receivables		-	-
Property, plant and equipment	12	83,900	220,516
Intangible assets	13	33,873	151,995
Investment in Associates	19	228,060	220,113
Deferred tax assets	8	-	-
Total non-current assets		345,833	592,624
Total Assets		2,209,473	1,281,404
Liabilities			
Current liabilities			
Trade and other payables	14	1,452,116	1,274,445
Deferred revenue		1,368,053	233,003
Employee benefit liabilities	15	279,439	241,263
Total current liabilities		3,099,608	1,748,711
Non-current liabilities			
Deferred tax liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		3,099,608	1,748,711
Net assets/(deficiency)		(890,135)	(467,307)
EQUITY			
Issued capital	16	8,128,859	8,068,859
Accumulated losses		(9,018,994)	(8,536,166)
Total equity		(890,135)	(467,307)

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

FARMAFORCE LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	Share capital	Accumulated losses	Total
Balance at 1 July 2017	8,068,859	(8,536,166)	(467,307)
Total comprehensive loss for the period			
Loss for the period	-	(482,828)	(482,828)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(482,828)	(482,828)
Transactions with owners recorded directly in equity			
Issue of ordinary shares	60,000	-	60,000
Balance at 30 June 2018	8,128,859	(9,018,994)	(890,135)
Balance at 1 July 2016	8,068,859	(6,228,733)	1,840,126
Total comprehensive loss for the period			
Loss for the period	-	(2,307,433)	(2,307,433)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(2,307,433)	(2,307,433)
Transaction with owners recorded directly in equity			
Issue of ordinary shares	-	-	-
Issue of convertible notes	-	-	-
Capital raising costs	-	-	-
Balance at 30 June 2017	8,068,859	(8,536,166)	(467,307)

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

FARMAFORCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Cash flows from operating activities			
Receipts from customers		8,090,531	4,306,514
Payments to suppliers and employees		(7,785,762)	(5,399,499)
Interest received		-	2,882
Interest paid		(4,551)	(7,283)
Net cash generated from/(used) in operating activities	21	300,218	(1,097,386)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,072)	(28,772)
Investment in associates		(36,600)	(9,072)
Payment for intangible assets		-	(151,995)
Net cash used in investing activities		(37,672)	(189,839)
Cash flows from financing activities			
Proceeds from issue of share capital		60,000	-
Transaction costs related to issue of share capital		-	-
Transaction costs related to issue of convertible notes		-	-
Net cash generated from financing activities		60,000	-
Net increase/(decrease) in cash and cash equivalents		322,546	(1,287,225)
Cash and cash equivalents at the beginning of the period		254,321	1,541,546
Net effect of exchange rate changes on cash		16	-
Cash and cash equivalents at the end of the period	9	576,883	254,321

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

1. REPORTING ENTITY

FarmaForce Limited (“FarmaForce” or the “Company”) is a for-profit company limited by shares which is incorporated and domiciled in Australia.

These financial statements as at and for the year ended 30 June 2018 comprise of the Company as an individual entity and were authorised for issue by the Board of Directors on 30 August 2018.

2. STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“AASBs”) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”).

3. GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$482,828 for the year ended 30 June 2018. As at that date the company had net current liabilities of \$1,235,968 and net liabilities of \$890,135.

However, the Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

- The continued trend of increasing market share as indicated in the financial statements is resulting in additional customer contracts on hand when compared to contracts during the 2018 financial year;
- The net cash inflows from operating activities was \$300,218 for the year ended 30 June 2018;
- The current liabilities include an amount payable to the parent company of \$448,079. The parent company will allow these funds to continue to be utilised by the company as required; and
- Option holders will be able to exercise up to 19,002,500 loyalty options referred to in Note 16 up to 23 October 2018. During the year 300,000 shares were issued under these options generating \$60,000 in new share capital.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company were not to operate as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in the current period or later years.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest dollar unless otherwise stated.

The financial statements have been prepared on the historical cost basis.

The accounting policies have been consistently applied to all periods presented in these interim financial statements, unless otherwise stated.

Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of respective GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST or VAT 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 or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other payables in the statement of financial position.

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

Uses of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

The judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Investment in associates

The Directors have assessed whether their equity investments between 20% and 50% represent a significant influence over those companies. In assessing significant influence, the Directors have considered the percentage ownership interest, representation on the Board of Directors, the interchange of management personnel, and material transactions between the entities. Primarily on ownership interest the Directors have concluded that all investments in which the Company owns 20% interest are regarded as having significant influence and have therefore been equity accounted and disclosures made in note 19.

Recoverability of internally developed intangible assets

The Company capitalises development costs when they meet the criteria set out in AASB 138 Intangible Assets. The development costs capitalised relate to assets that will be utilised by the Company and not expected to result in individual revenue streams. The Directors therefore assess the recoverability of the internally developed intangible assets by assessing their value in use. Based on this assessment the Directors have concluded that no impairment is required against the carrying value of the intangible assets included in note 13.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses of judgements and estimates (continued)

(ii) Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2018 are included in the note 15 – Employee benefit liabilities.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* becomes mandatory for the Company's 2019 financial statements and includes changes to the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. It also includes a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities. The Company is in the process of assessing the impact of this new standard to its financial statements. The Company will apply the standard for the first time in the half-year results ended 31 December 2018.

(ii) AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from Contracts* becomes mandatory for the Company's 2019 financial statements and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; and replaces AASB 111 *Construction Contract*, AASB 118 *Revenue*, Interpretation 13 *Customer Loyalty Programs*, Interpretation 15 *Agreements for Construction of Real Estate*, Interpretation 18 *Transfer of Assets from Customers* and Interpretation 131 *Revenue-Barter Transactions involving Advertising Services*. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is in the process of assessing the impact of this new standard to its financial statements. The Company will apply the standard for the first time in the half-year results ended 31 December 2018.

(iii) AASB 16 Leases

AASB 16 *Leases* becomes mandatory for the Company's 2020 financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's financial leverage and capital employed. The Company has not yet determined the potential effect of this standard on the Company's future financial statements. The Company will adopt this standard from 1 July 2019.

5. OPERATING SEGMENTS

The Company has identified operating segments based on internal reporting that is reviewed and used by the chief operating decision makers (the Group CEO and the General Manager) in assessing the performance of the respective segments. The operating segments are identified by management based on the nature of services provided, with each operating segment representing a strategic business that serves a different segment of the market.

In the year 2018 FarmaForce provided two types of services being: (1) contract sales and marketing services to external customers; and (2) services to related parties. Segment analysis of revenue and gross profit is provided below. Information on net assets by segment is not provided to the chief operating decision makers.

<i>In dollars</i>	2018	2017
Revenue		
Contract sales and marketing services	5,483,067	3,867,873
Related party services	1,615,242	99,640
Total revenue	7,098,309	3,967,513
Gross profit		
Contract sales and marketing services	997,863	131,923
Related party services	1,615,242	99,640
Total gross profit	2,613,105	231,563

Information on geographical segments

One hundred percent of FarmaForce revenue, expenses and profit are derived in Australia.

Reliance on major customers

Four customers represent more than 10% of the year 2018 revenue. Total revenue from these major customers amounts to \$3,105,413 (43.7%) of total revenue (year 2017: \$3,341,365; 84.2%).

Contract sales and marketing

In reviewing its development projects, the Company has decided that the investment in a Customer Platform project will at this stage generate little value, and has therefore decided to impair its current carrying value, of \$101,186.

6. REVENUE

<i>In dollars</i>	2018	2017
Provision of contract revenue	5,483,067	3,867,873
Related party consulting revenue / Interest	1,615,242	99,640
Total revenue	7,098,309	3,967,513

6. REVENUE (CONTINUED)

Significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. All revenue is stated net of the amount of goods and services tax.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

7. INCOME AND EXPENSES

(a) Other income

<i>In dollars</i>	2018	2017
Interest income	16	2,882
Foreign currency	-	2,000
Total other income	16	4,882

(b) Finance costs

<i>In dollars</i>	2018	2017
Bank fees	6,097	2,519
Interest expense	29,387	34
Total finance costs	35,484	2,553

(c) Employee benefit expenses

Significant accounting policies

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

<i>In dollars</i>	2018	2017
Wages and salaries	1,317,947	992,205
Compulsory superannuation contributions	127,131	95,730
Bonus	56,000	-
Increase/(decrease) in liability for annual leave	1,897	(8,688)
Total employee benefits expense	1,502,975	1,079,247

FARMAFORCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 18

7. INCOME AND EXPENSES (CONTINUED)

(d) Other expenses

<i>In dollars</i>	2018	2017
Accounting fees	53,953	41,105
Advertising and marketing	63,648	152,043
Insurance	38,256	46,336
Legal and consultancy fees	5,889	115,646
Occupancy costs	21,199	23,498
Recruitment fees	15,100	103,141
Software licensing and subscription	155,626	149,654
Travel and accommodation	36,257	46,119
Impairment cost	101,186	-
Other	382,009	364,870
Total other expenses	873,123	1,042,412

8. INCOME TAXES

Reconciliation of income tax to accounting profit

<i>In dollars</i>	2018	2017
Loss for the period	(482,828)	(2,307,433)
Tax rate	27.5%	27.5%
Tax benefit	(132,778)	(634,544)
Add tax effect of:		
Expenditure not allowable for income tax purposes	28,167	1,447
Fixed asset timing differences	1,293	4,186
Other timing differences	21,493	695
Adjustments to deferred tax liability	10,799	24,784
Deferred tax assets not brought to account	71,026	603,432
Income tax expense	-	-

Unrecognised deferred tax assets

Deferred tax assets were not recognized since utilisation of the tax losses against future taxable profits are not deemed probable in the foreseeable future (FY18: \$2,547,462, FY17 \$2,319,693).

8. INCOME TAXES (CONTINUED)

Significant accounting policies

Current tax

The income tax expense or benefit for the half year is the tax payable on the current half year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate 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.

Current tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax

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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to the offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

9. CASH

<i>In dollars</i>	2018	2017
Bank balances	576,883	254,321

Significant accounting policies

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. For the interim statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the interim statement of financial position.

10. TRADE AND OTHER RECEIVABLES

<i>In dollars</i>	2018	2017
Trade receivables	412,746	327,229
Other receivables	2,686	27,505
Related party receivables	834,180	42,219
Total trade and other receivables	1,249,612	396,953
Current	1,249,612	396,953
Non-current	-	-
Total trade and other receivables	1,249,612	396,953

Significant accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30-60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. The loss is recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

11. OTHER CURRENT ASSETS

<i>In dollars</i>	2018	2017
Prepayments	37,145	37,506
Total other current assets	37,145	37,506

12. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts

Cost

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Cost at 1 July 2016	35,316	158,011	105,262	298,589
Additions	1,498	-	27,274	28,772
Balance at 30 June 2017	36,814	158,011	132,536	327,361
Additions	-	-	9,561	9,561
Disposal	(10,845)	(140,116)	(4,706)	(155,667)
Balance at 30 June 2018	25,969	17,895	137,391	181,255

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accumulated depreciation

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Balance at 1 July 2016	4,844	19,828	33,658	58,330
Depreciation expense	4,033	15,801	28,681	48,515
Balance at 30 June 2017	8,877	35,629	62,339	106,845
Depreciation expense	3,684	12,346	25,739	41,769
Disposal	(5,448)	(42,430)	(3,381)	(51,259)
Balance at 0 June 2018	7,113	5,545	84,697	97,355

Carrying amounts

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Balance at 30 June 2017	27,937	122,382	70,197	220,516
Balance at 30 June 2018	18,856	12,350	52,694	83,900

Significant accounting policies

Carrying value

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the business and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period.

Depreciation

Depreciation of assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Leasehold improvements – 5 to 10 years
- Plant and equipment – 5 to 10 years
- Furniture, fittings and equipment – 10 to 20 years

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

13. INTANGIBLE ASSETS

Reconciliation of carrying amount

Cost

<i>In dollars</i>	Website and software	Total
Cost at 1 July 2016	-	-
Additions	151,995	151,995
Balance at 30 June 2017	151,995	151,995
Additions	-	-
Balance at 30 June 2018	151,995	151,995

Accumulated Amortisation

<i>In dollars</i>	Website and software	Total
Balance at 1 July 2016	-	-
Amortisation expense	-	-
Balance at 30 June 2017	-	-
Amortisation expense	(16,936)	(16,936)
Impairment	(101,186)	(101,186)
Balance at 30 June 2018	(118,122)	(118,122)

Carrying amounts

<i>In dollars</i>	Website and software	Total
Balance at 30 June 2017	151,995	151,995
Balance at 30 June 2018	33,873	33,873

In reviewing its development projects, the Company has decided that the investment in a Customer Platform project will at this stage generate little value, and has therefore decided to impair its current carrying value, of \$101,186.

13. INTANGIBLE ASSETS (CONTINUED)

Significant accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Impairment

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.

Website and software

Costs incurred in acquiring website software and licenses that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years

Website development costs include only those directly attributable to the development phase and are only recognised following completion of technical feasibility and where the business has an intention and ability to use the asset.

14. TRADE AND OTHER PAYABLES

<i>In dollars</i>	2018	2017
Trade payables	90,226	676,925
Sundry payables and accrued expenses	617,369	241,833
Related party payables	744,521	355,687
Total trade and other payables	1,452,116	1,274,445
Current	1,452,116	1,274,445
Non-current		-
Total trade and other payables	1,452,116	1,274,445

Significant accounting policies

Trade and other payables represent liabilities for goods and services provided to the business prior to the end of the reporting date 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.

15. EMPLOYEE BENEFIT LIABILITIES

<i>In dollars</i>	2018	2017
Liability for annual leave		
Opening balance	115,766	75,343
Additional provision	293,837	242,894
Utilisation	(252,512)	(202,471)
Closing Balance	157,091	115,766
Liability for superannuation	122,348	125,497
Total employee benefit liabilities	279,439	241,263
Current	279,439	241,263
Non-current		-
Total employee benefit liabilities	279,439	241,263

15. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

Significant accounting policies

Employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled in the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods to service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

16. ISSUED CAPITAL

	Number of shares	\$
In issue at 1 July 2016	127,500,980	8,068,859
Movements throughout the period	-	-
In issue at 30 June 2017	127,500,980	8,068,859
Issue of ordinary shares	300,000	60,000
In issue at 30 June 2018	127,800,980	8,128,859

All ordinary shares rank equally with regard to the Company's residual assets. The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

The Company does not have authorised capital or par value in respect of its shares. All issued shares are fully paid.

Dividends

No dividend was declared or paid by the Company for the year (2017: nil).

Loyalty options

The Company has 19,002,500 Loyalty options on issue exercisable at 20 cents each between 24 to 36 months after the date of admission of the Company's shares to the Official List of the ASX, being 23 October 2015 (FY17: 19,302,500 Loyalty Options on issue). The option holders must be holding the underlying shares, being one share for one option, to be able to exercise the option.

16. ISSUED CAPITAL (CONTINUED)

Capital management

Management control the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Significant accounting policies

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. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

17. EARNINGS PER SHARE (EPS)

The calculation of basic earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Loss attributable to ordinary shareholders

<i>In dollars</i>	2018	2017
Loss for the period attributable to owners of FarmaForce Limited	(482,828)	(2,307,433)

Weighted-average number of ordinary shares

<i>In number of shares</i>	2018	2017
Weighted-average number of ordinary shares at end of the period	127,642,350	127,500,980

Earnings per share

<i>In cents per share</i>	2018	2017
Basic loss per share (cents)	(0.38)	(1.81)
Diluted loss per share (cents)	(0.38)	(1.81)

Basic earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares.

Diluted earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares which has been adjusted to reflect the number of shares which would be issued if outstanding options and performance rights were to be exercised. However due to the statutory loss attributable to the Company for both the financial year ended 30 June 2018 and the comparative period ended 30 June 2017, the effect of these instruments has been excluded from the calculations of diluted earnings per share for both periods as they would reduce the loss per share.

18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair values

The Company has financial assets of cash and cash equivalents, trade and other receivables. All financial assets are carried at amortised cost, and not measured at fair value. The carrying amount is a reasonable approximation of fair value at 30 June 2018.

The Company has financial liabilities of trade and other payables. These financial liabilities are not measured at fair value, and the carrying amount is a reasonable approximation of fair value at 30 June 2018.

Financial risk management

There have been no substantive changes in the types of risk the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risk from the previous period. The Company has exposure to the following risk arising from financial instruments:

- credit risk – refer (ii)
- liquidity risk – refer (iii)
- market risk – refer (iv)

(i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all workplace participants understand their roles and obligations.

The Board of Directors has also established a Finance Committee, consisting of senior executives of the Company, which meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The finance committee operates under policies approved by the Board of Directors.

(ii) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within note 10.

Trade and other receivables

The main source of credit risk to the Company is considered to relate to the class of assets described as trade and other receivables. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. No collateral is held over other receivables.

18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Impairment

The balance of trade and other receivables that were aged over 90 days and impaired at 30 June 2018 is \$24,425 (2017: \$113,138). \$24,425 have been written off in relation to the balance held at 30 June 2018.

The aging of the trade and other receivables that were not impaired as at 30 June 2018 are set out in the following table.

<i>In dollars</i>	2018	2017
Neither past due nor impaired	1,100,735	385,639
30 to 90 days past due but not impaired	-	-
Over 90 days past due but not impaired	124,452	11,314
Total trade and other receivables not impaired	1,225,187	396,953

Cash and cash equivalents

The Company held cash and cash equivalents of \$576,676 at 30 June 2018 (2017:\$254,321). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency Standard and Poor's ratings.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an interest free, \$2 million working capital loan facility in place with its parent entity iQnovate Ltd. The balance of this facility as at 30 June 2018 was nil (FY17: nil).

The Company aims to maintain cash at a level appropriate to fund operations. At 30 June 2018, the expected cash flows from trade and other receivables maturing within two months were \$355,160.

<i>In dollars</i>	Within 1 year		1 to 5 years		Over 5 years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Non-derivative financial liabilities								
Trade and other payables	1,452,114	1,274,445	-	-	-	-	1,452,114	1,274,445

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Currency risk

The Company's exposure to foreign currency risk is limited due to the natural hedge afforded to the Company by purchasing and selling in AUD.

The Company does not hold any foreign currency contracts.

19. INVESTMENT IN ASSOCIATES

The percentage ownership interest is equivalent to the percentage voting rights for all investments.

Entity name	Country of incorporation	Ownership interest 2018	Ownership interest 2017
Associates¹			
New Frontier Holdings LLC ("New Frontier")	USA	20%	20%
Nereid Enterprises Pty Ltd	AUS	20%	20%
Nereid Enterprises LLC	USA	20%	20%

¹ Percentage shown is net of non-controlling interest.

Nereid Enterprises Pty Ltd provides corporate events and promotional services to the healthcare industry and related parties of FarmaForce Limited.

Summary financial information

None of the associates are listed on a stock exchange. The investments in associates is equity accounted using audited financial information.

<i>In dollars</i>	2018	2017
(i) Summarised statement of comprehensive income		
Revenue	54,101	67,027
Loss after tax	(198,283)	(152,778)
Other comprehensive income/(loss)	1,206	(1,921)
Total comprehensive loss	(197,077)	(155,699)
Dividends received from associate	-	-
(ii) Reconciliation to carrying amount		
Net asset balance at start of period	1,100,565	1,243,277
Additional investment	68,386	-
Profit/(loss) for the period	(28,653)	(142,712)
Net asset balance at end of period	1,140,298	1,100,565
Company's ownership interest	20%	20%
Carrying value at end of period	228,060	220,113

19. INVESTMENT IN ASSOCIATES (CONTINUED)

Significant accounting policies

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for in the Company's financial statements using the equity method of accounting, after initially being recognised at cost.

The Company's share of the associates post-acquisition profits or losses are recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment. When the Company's share of losses in an equal or exceeds its interest in the associate, including secured and unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

20. TRANSACTIONS WITH RELATED PARTIES

(i) Entities exercising control over the Company

The ultimate parent entity, which exercises control over the Company, is iQnovate Ltd ("iQN") which is incorporated in Australia and owns 70.59% of FarmaForce Limited.

Dr George Syrmalis is CEO, Chair, Executive Director and a substantial shareholder of iQN. Mr Con Tsigounis is Executive Director and a substantial shareholder of iQN.

(ii) Parent entity transactions

Transactions with the parent entity are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The aggregate value of transactions and outstanding balances relating to the parent entity, iQnovate Ltd, are set out in the following table.

<i>In dollars</i>	2018	2017
Consulting fees	1,615,242	99,640
Total revenue received from parent entity	1,615,242	99,640
Office and shared services costs	92,415	220,775
Total expenditure paid to parent entity	92,415	220,775
Deferred revenue received from parent entity		-
Total current liabilities owing to the parent entity		-
Trade payable amounts owing to parent entity	448,079	303,599
Loan facility [^] amounts owing to parent entity	-	-
Total amounts owing to the parent entity	448,079	303,599

[^] The Company has an interest free, \$2 million working capital loan facility in place with its parent entity iQnovate Ltd. The balance owing under this facility as at 30 June 2018 was nil (FY17: nil).

20. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(iii) Key management personnel compensation

The key management personnel compensation is set out in the table below.

<i>In dollars</i>	2018	2017
Short-term employee benefits	388,578	133,851
Post-employment benefits	34,826	9,091
Total key management personnel compensation	423,404	142,942

Compensation of the Company's key management personnel includes salaries and non-cash benefits. Executive officers also participate in the Company's employee incentive plan.

Further details of key management personnel compensation are included in the Remuneration Report within the Directors' Report.

(iv) Transactions with other related parties

FarmaForce transacted with the following related companies. Transactions with other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity name	Relationship
Clinical Research Corporation Pty Ltd	Subsidiaries of common ultimate parent entity
iQX Limited	Common directorship and/ key management personnel
iQ3Corp Ltd	Common directorship and/ key management personnel

The aggregate value of transactions and outstanding balances relating to other related parties are set out in the following table.

<i>In dollars</i>	2018	2017
Office and shared services costs	504,594	92,417
Consultancy fees	-	8,842
Total expenditure paid to parent entity	504,594	101,259
Trade receivable amounts owing from other related parties	60,313	42,219
Trade payable amounts owing to other related parties	296,440	52,018
Net amounts owing to other related parties	236,127	9,799

21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

<i>In dollars</i>	2018	2017
Cash flows from operating activities		
Loss for the period	(482,828)	(2,307,433)
Adjustments for:		
Depreciation	58,705	48,515
Share of loss of associated companies	28,653	57,959
Impairment expense	101,186	-
	(294,284)	(2,200,959)
Changes in:		
Trade and other receivables	(852,657)	(240,655)
Other assets	361	62,044
Trade and other payables	273,572	1,063,738
Income in advance	1,135,050	178,024
Employee benefits	38,176	40,422
	594,502	1,103,573
Net cash used in operating activities	300,218	(1,097,386)

22. AUDITORS' REMUNERATION

<i>In dollars</i>	2018	2017
Audit and review services		
Auditors of the Company at June 2018 - RSM	35,000	25,000
Auditors of the Company at December 2017 – RSM/Fortunity	8,000	4,000
Other auditors		
Other services		
Auditors of the Company at June 2018 - RSM	-	2,500
Auditors of the Company at December 2017 – Fortunity		-
Other auditors		-

23. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

FARMAFORCE LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018

1. In the opinion of the Board of Directors of FarmaForce Limited ("the Company"):
 - a. the financial statements and notes that are set out on pages 29 to 54 are in accordance with the *Corporations Act 2001*, including:
 - I. giving a true and fair view of the financial position as at 30 June 2017 of the Company performance for the financial year ended on that date; and
 - II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2018.
3. The Directors draw attention to note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors.



Harry Simeonidis
General Manager

Sydney

28 September 2018

INDEPENDENT AUDITOR'S REPORT To the Members of FarmaForce Limited

Opinion

We have audited the financial report of FarmaForce Limited. (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p>Recognition of Revenue Refer to Note 6 in the financial statements</p>	
<p>Revenue recognition was considered a key audit matter, as it material and important to the company's profitability.</p> <p>In addition we focused on revenue recognition as the company's business involves entering into fixed price contracts for the provision of contract sales and marketing. Revenue on these contracts are recognised over time as the service is provided and this may differ from payments received from the customer, resulting in deferred revenue. There may also be significant management judgment in determining the extent to which services have been delivered, and in identifying potentially onerous contracts.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> Assessing whether the Company's revenue recognition policies were in compliance with Australian Accounting Standards. Evaluating, and testing the operating effectiveness, of management's controls related to revenue recognition. Inspection of sales contracts and agreeing terms of the contract, the stage of completion, and recalculating revenue recognised.
<p>Carrying value of internally developed intangible assets Refer to Note 13 in the financial statements</p>	
<p>The closing net book value of all internally developed assets was \$33,873. The costs of building applications and web-site platforms are capitalised as intangible assets, where the expenditure demonstrable value and the technical and commercial feasibility is assured.</p> <p>Management has to exercise judgement in determining which costs can be capitalised and when performing an impairment review. The materiality of judgements involved has caused us to identify this as key audit risk.</p>	<p>Our audit procedures in relation to the carrying value of internally developed intangible assets included:</p> <ul style="list-style-type: none"> Reviewing management's identification of the development projects being undertaken, and their assessment of whether they meet the criteria for recognition as intangible assets in accordance with AASB 138 <i>Intangible Assets</i>. Testing amounts capitalised in the period to assess whether expenses incurred were directly attributable to the projects identified, and therefore eligible for capitalisation.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of FarmaForce Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM Australia Partners



David Talbot
Partner

Sydney, 28 September 2018

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 20 August 2018.

SHAREHOLDINGS

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholders	Number of ordinary shares held	% of total ordinary shares
iQnovate Ltd	90,000,000	70.42%
Total of substantial shareholders	90,000,000	70.42%

Distribution of equity security holders

Category	Holders	%
1 – 1,000	5	0.0%
1,001 – 5,000	9	0.0%
5,001 – 10,000	133	0.8%
10,001 – 100,000	167	5.4%
100,001 and over	93	93.8%
Total	365	100.00%

Shareholders with less than marketable parcel

There are 12 shareholders each with an unmarketable parcel of shares being a holding of 5,000 or less, for a combined total of 21,297 shares.

This is based on a closing price of \$0.10 per share as at 20 August 2018 and represents 0.017% of the fully paid ordinary shares on issue.

Shares subject to escrow

There is no security class subject to escrow as at 20 August 2018.

Unquoted equity securities

There are no unquoted redeemable preference shares or redeemable convertible notes on issue.

SECURITIES EXCHANGE

The Company is listed on the ASX Limited. The Home exchange is Sydney.

OTHER INFORMATION

FarmaForce Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary shares held	% of total ordinary shares
IQNOVATE LTD	90,000,000	70.42%
PRIORITY ONE GROUP PTY LTD <THE UTOPIA INVESTMENT A/C>	2,775,000	2.17%
BASIM FINANCE PTY LTD	1,333,333	1.04%
IQ3 CORP LTD	1,275,009	1.00%
COLIN J. ODAMS PTY LTD <THE RANGOON A/C>	1,000,000	0.78%
ACHELLES NOMINEES PTY LTD <ACHELLES SUPER FUND A/C>	930,000	0.73%
MR JAMES SIMOS & MRS CHRISTINA SIMOS <SIMOS SUPER FUND A/C>	812,290	0.64%
JENNIFER ELLEN STAPLETON	750,000	0.59%
BARTELM PTY LTD <PRECISION AUTO SER PL SF AC>	675,000	0.53%
ASGARD CAPITAL MANAGEMENT LTD 1105343 CORBAN FAMILY A/C	667,000	0.52%
PHARMLOU PTY LTD <SUPER FUND A/C>	603,920	0.47%
LIEN PTY LTD <NEIL PENSION FUND A/C>	600,000	0.47%
MR JOHN FRANZE & MRS SOULA FRANZE	552,146	0.43%
ELINVEST PTY LIMITED <THE ELIAS FAMILY A/C>	543,159	0.43%
MR IAN MACEWEN STEVENSON & MS KATHERINE JANE HYNES	500,000	0.39%
SI JIA CORP PTY LTD	500,000	0.39%
WADE PETER BURNS & REBECCA LOUISE BURNS	500,000	0.39%
DANIEL MORATO & SALLY MORATO <MORATO FAMILY A/C>	500,000	0.39%
MR MIN-CHUNG YU	462,499	0.36%
KARANTZIAS INVESTMENTS PTY LTD <KARANTZIAS FAMILY A/C>	451,000	0.35%
Total securities of top 20 holdings	105,430,356	82.49%