FARMAFORCE LIMITED

ACN 167 748 843

APPENDIX 4D AND INTERIM FINANCIAL REPORT

For the period ended 31 December 2018

A member of the iQ Group Global

FARMAFORCE LIMITED

ACN 167 748 843

ASX APPENDIX 4D

Reporting Period: Six months ended 31 December 2018

Previous Corresponding Period: Six months ended 31 December 2017

Section A: Results for announcement to the market

Revenue and net profit	31 December 2018	Percentage change	Amount change
Revenue from ordinary activities	6,003,654	122.19%	3,301,599
Profit from ordinary activities after tax	997,409	216.20%	1,855,800
Profit from ordinary activities after tax attributable to owners	997,409	216.20%	1,855,800

Dividends	Dividend	Amount per security	Franked amount per security
Interim dividend in respect of the six months ended 31 December 2018:	NIL	NIL	NIL

Net tangible assets per security	31 December 2018	31 December 2017
Net tangible assets per security (cents per security)	0.06	(1.10)

Commentary on results

Commentary for the interim financial results for the six months ended 31 December 2018 is contained in the Australian Securities Exchange (ASX) release and on page 2 of the Interim Financial Report included with this announcement.

Details of Associates

Details of FarmaForce Limited's associates are contained on page 17 of the Interim Financial Report included with this announcement.

Compliance Statement

The information provided in the Appendix 4D and throughout FarmaForce Limited's Interim Financial Report is based on FarmaForce Limited's interim financial statements for the half-year ended 31 December 2018.

FarmaForce Limited's interim financial statements for the half-year ended 31 December 2018 have been subject to review. A copy of the independent review report is set out on page 20 of the Interim Financial Report included with this announcement.

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

A member of the iQ Group Global

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This Interim Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A and should be read in conjunction with the 2018 Annual Report and any announcements made to the market during the current reporting period.

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DIRECTORS' REPORT

The Directors present their report together with the interim financial statements of FarmaForce Limited ("FarmaForce" or the "Company") as at and for the half-year ended 31 December 2018.

DIRECTORS

The following persons were directors of FarmaForce during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Mr George Elias
- Dr George Syrmalis
- Mr Con Tsigounis
- Mr Harry Simeonidis

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

During the half-year, FarmaForce continued to achieve its target increase in market share by seeking out and executing sales contracts with new and existing customers. This includes leveraging current teams and building new teams.

The Company's performance for the first-half of 2019 was marked by:

- Strong revenue growth of 122% when compared to half-year 2018 (HY19 \$6.0M, HY18 \$2.7M);
- Sustained gross profit growth of 735% when compared to HY18 (HY19 \$2.5M gross profit, HY18 \$0.3k gross profit);
- Net profit after tax increased by 216% when compared to HY18 (HY19 \$1.0M net profit, HY18 \$0.9M net loss);
- FarmaForce continued to maintain a financial position of zero external debt.

A portion of the revenue and gross profit growth has arisen from transactions entered with the parent entity. For further detail, refer to note 12 of the Notes to the Interim Financial Statements.

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.

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.

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2018.

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

Harry Simeonidis

Executive Director and General Manager

Sydney

26 February 2019.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Farmaforce Limited for the half year ended 31 December 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 26 February 2019

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FARMAFORCE LIMITED

INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	31 December 2017
Revenue	*7*	6,003,654	2,702,055
Cost of sales		(3,546,718)	(2,407,790)
Gross profit		**2,456,936**	**294,265**
Other income		(173)	68
Expenses			
Employee benefits expense		(876,205)	(658,876)
Overhead sharing cost		(201,241)	(112,133)
Depreciation and amortisation expense		(24,373)	(32,782)
Other expenses		(313,003)	(325,887)
Finance costs		(22,023)	(2,948)
Share of loss of associated companies net of tax		(22,509)	(20,098)
Profit/(Loss) before income tax expense		**997,409**	**(858,391)**
Income tax expense		-	-
Net profit/(loss) attributable to owners of FarmaForce Limited		**997,409**	**(858,391)**

Earning/(loss) per share for the period attributable to the ordinary equity holders of the Company:

Basic earning/(loss) per share (cents per share)	*12*	0.78	(0.67)
Diluted earning/(loss) per share (cents per share)	*12*	0.78	(0.67)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	31 December 2017
Net profit/(loss) for the period		**997,409**	**(858,391)**
Other comprehensive income			
Other comprehensive income for the period		-	-
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive profit/(loss) for the period attributable to the owners of FarmaForce Limited		**997,409**	**(858,391)**

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

FARMAFORCE LIMITED
INTERIM STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	30 June 2018
Assets			
Current assets			
Cash and cash equivalents		447,682	576,883
Trade and other receivables	*8*	1,268,612	1,249,612
Other current assets		46,530	37,145
Total current assets		**1,762,824**	**1,863,640**
Non-current assets			
Property, plant and equipment		102,700	83,900
Intangible assets		25,335	33,873
Investment in Associates		228,151	228,060
Deferred tax assets		-	-
Total non-current assets		**356,186**	**345,833**
Total Assets		**2,119,010**	**2,209,473**
Liabilities			
Current liabilities			
Trade and other payables	*9*	1,146,305	1,452,116
Contract liabilities	*10*	348,000	1,368,053
Employee benefit liabilities		517,430	279,439
Total current liabilities		**2,011,735**	**3,099,608**
Non-current liabilities			
Deferred tax liabilities		**-**	**-**
Total non-current liabilities		-	-
Total liabilities		**2,011,735**	**3,099,608**
Net assets/(liabilities)		**107,275**	**(890,135)**
EQUITY			
Issued capital	*11*	8,128,860	8,128,859
Accumulated losses		(8,021,585)	(9,018,994)
Total equity		**107,275**	**(890,135)**

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

INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	Share capital	Accumulated losses	Total
Balance at 1 July 2018			
Total comprehensive loss for the period	8,128,860	(9,018,994)	(890,134)
Profit for the period	-	997,409	997,409
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**8,128,860**	**(8,021,585)**	**107,275**
Transactions with owners recorded directly in equity			
Issue of ordinary shares	-	-	-
Balance at 31 December 2018	**8,128,860**	**(8,021,585)**	**107,275**
Balance at 1 July 2017	**8,068,859**	**(8,536,166)**	**(467,307)**
Total comprehensive loss for the period			
Loss for the period	-	(858,391)	(858,391)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	**-**	**(858,391)**	**(858,391)**
Transaction with owners recorded directly in equity			
Issue of ordinary shares	60,000	-	60,000
Issue of convertible notes	-	-	-
Capital raising costs	-	-	-
Balance at 31 December 2017	**8,128,859**	**(9,394,557)**	**(1,265,698)**

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

FARMAFORCE LIMITED

INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	31 December 2017
Cash flows from operating activities			
Receipts from customers		5,564,966	3,773,285
Payments to suppliers and employees		(5,652,374)	(3,537,981)
Interest received		-	-
Interest paid		(3,669)	(2,948)
Net cash generated (used)/from in operating activities	*14*	**(91,077)**	**232,356**
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,351)	(219)
Investment in associates		(22,600)	(12,600)
Payment for intangible assets		-	-
Net cash used in investing activities		**(37,951)**	**(12,819)**
Cash flows from financing activities		-	-
Proceeds from issue of share capital		-	60,000
Transaction costs related to issue of share capital		-	-
Net cash generated from financing activities		**-**	**60,000**
Net (decrease)/increase in cash and cash equivalents		(129,028)	279,537
Cash and cash equivalents at the beginning of the period		576,883	254,321
Net effect of exchange rate changes on cash		(173)	-
Cash and cash equivalents at the end of the period		**447,682**	**533,858**

The above interim statement of cash flows should be read in conjunction with the accompanying notes to the interim 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 interim financial statements as at and for the half-year ended 31 December 2018 comprise of the Company as an individual entity, and were authorised for issue by the Board of Directors on 26 February 2019.

2. STATEMENT OF COMPLIANCE

These condensed general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the company

during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The impact on the financial performance and position of the consolidated entity from the adoption of these Accounting Standards is detailed in note 5.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the consolidated entity has transferred the goods or services to the customer. The liability is the consolidated entity's obligation to transfer goods or services to a customer from which it has received consideration.

4. Restatement of comparatives – adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers'

Adoption of AASB 9 'Financial Instruments'

The consolidated entity has adopted AASB 9 from 1 January 2018, using the full retrospective method of adoption and comparatives have been restated.

Interest revenue' is no longer included in the 'Revenue' note and is now shown separately on the face of the statement of profit or loss and other comprehensive income.

The consolidated entity has applied the simplified approach to measuring expected credit losses, resulting in an additional impairment expense of $13,520 (and a total impairment expense of $126,658) for the half-year ended 31 December 2018.

Adoption of AASB 15 'Revenue from Contracts with Customers'

The consolidated entity has adopted AASB 15 from 1 January 2018, using the retrospective method of adoption (with the exemption of hedge accounting), resulting in the following restatement of comparatives for the statement of financial position as at 30 June 2018:

The adoption of AASB 15 has resulted in no change in the consolidated entity accounting practice.

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 half-year 2019 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.

5. OPERATING SEGMENTS (CONTINUED)

In dollars	31 December 2018	31 December 2017
Revenue		
Contract sales and marketing services	4,876,008	2,089,965
Related party services	1,127,646	612,090
Total revenue	**6,003,654**	**2,702,055**
Gross profit		
Contract sales and marketing services	1,329,290	(192,377)
Related party services	1,127,646	486,642
Total gross profit	**2,456,936**	**294,265**

Information on geographical segments

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

Reliance on major customers

On an individual basis, four customers represent more than 10% of the half year 2019 revenue. Total revenue from these major customers amounts to $4,631,042 (77.14%) of total revenue (half-year 2018: $2,364,993; 87.5%).

6. REVENUE

In dollars	31 December 2018	31 December 2017
Contract sales and marketing services	4,876,008	2,089,965
Related party revenue	1,127,646	612,090
Total revenue	**6,003,654**	**2,702,055**

Disaggregation of reveune

The disaggregation of revenue from contracts with customers is as follows:

Major service line

In dollars	31 December 2018	31 December 2017
Contract sales and marketing services	5,922,675	2,071,772
Training	33,333	-
Shared services	47,646	47,646
Consulting		572,577
Other	-	10,060
Total revenue	**6,003,654**	**2,702,055**

6. REVENUE (CONTINUED)

Timing of revenue recognition

In dollars	31 December 2018	31 December 2017
Services transferred at a point in time	-	-
Services transferred over time	6,003,654	2,702,055
Total revenue	**6,003,654**	**2,702,055**

7. TRADE AND OTHER RECEIVABLES

In dollars	31 December 2018	30 June 2018
Trade receivables	998,691	525,884
Related party receivables	396,457	834,180
Less: Allowance for expected credit losses	(126,658)	(113,138)
	1,268,490	**1,246,926**
Other receivables	122	2,686
	1,268,612	**1,249,612**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $126,658 (30 Jun 2018: $113,138) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018.

8. TRADE AND OTHER PAYABLES

In dollars	31 December 2018	30 June 2018
Trade payables	80,840	90,226
Sundry payables and accrued expenses	887,563	617,369
Related party payables	177,902	744,521
Total trade and other payables	**1,146,305**	**1,452,116**
Current	1,146,305	1,452,116
Non-current	-	-
Total trade and other payables	**1,146,305**	**1,452,116**

9. CONTRACT LIABILITIES

In dollars	31 December 2018	30 June 2018
Contract liabilities	348,000	1,368,053
	348,000	**1,368,053**

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below:

In dollars	31 December 2018	30 June 2018
Opening balance	1,368,053	233,003
Payments received in advance	348,000	2,699,465
Cumulative catch-up adjustments	-	-
Transfer to revenue – included in the opening balance	(1,368,053)	(233,003)
Transfer to revenue – performance obligations satisfied in current period	-	(1,331,412)
Transfer to revenue – other balances	-	-
Closing Balance	**348,000**	**1,368,053**

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $348,000 as at 31 December 2018 ($nil as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

In dollars	31 December 2018	30 June 2018
Within 6 months	145,000	1,368,053
6 to 12 months	174,000	-
12 to 18 months	29,000	-
	348,000	**1,368,053**

10. ISSUED CAPITAL

	Number of shares	$
In issue at 1 July 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**
Issue of ordinary shares	-	-
In issue at 31 December 2018	**127,800,980**	**8,128,859**

10. ISSUED CAPITAL (CONTINUED)

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.

Loyalty options

At 31 December 2018, the Company's Loyalty options expired on August 2018. These Loyalty options were 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 (FY18: 19,002,500 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.

11. 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

In dollars	**31 December 2018**	**31 December 2017**
Profit/(loss) for the period attributable to owners of FarmaForce Limited	997,409	(858,391)
Weighted-average number of ordinary shares at end of the period	127,800,980	127,868,380
Basic earning/(loss) per share (cents)	0.78	(0.67)
Diluted earning/(loss) per share (cents)	0.78	(0.67)

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 half-year ended 31 December 2018 and the comparative period ended 31 December 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.

12. 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.

12. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(ii) Parent entity transactions

Transactions with the parent entity are on normal commercial terms and conditions no more favourable 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.

In dollars	31 December 2018	31 December 2017
Consulting fees	1,127,646	564,444
Total revenue invoiced to parent entity	**1,127,646**	**564,444**
Office and shared services costs	92,415	-
Total expenditure invoices received from parent entity	92,415	**-**
Deferred revenue received from parent entity	-	555,546
Total current liabilities owing to the parent entity	**-**	**555,546**
Trade payable amounts owing to parent entity	-	225,575
Loan facility^ amounts owning to parent entity	-	-
Total amounts owing to the parent entity	**-**	**225,575**

^ 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 31 December 2018 was nil (FY17: nil).

(iii) Transactions with other related parties and associates

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.

Related Party	Relationship
Clinical Research Corporation Pty Ltd	Subsidiaries of common ultimate parent entity
iQX Limited and its controlled entities	Common directorship and/ key management personnel
iQ3Corp Ltd and its controlled entities	Key management personnel

Associate	Country of incorporation	Ownership interest 31 December 2018	Ownership interest 31 December 2017
New Frontier Holdings LLC	USA	20%	20%
Nereid Enterprises Pty Ltd	AUS	20%	20%
Nereid Enterprises LLC	USA	20%	20%

12. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

In dollars	**31 December 2018**	**31 December 2017**
Consulting fees	2,400	47,646
Total revenue invoiced to other related parties	**2,400**	**47,646**
Office and shared services costs	108,826	55,075
Consultancy fees	-	-
Total expenditure invoices received from other related parties	**108,826**	**55,075**
Trade receivable amounts owing from other related parties	89,534	99,570
Trade payable amounts owing to other related parties	177,902	347,973
Net amounts owing to other related parties	**88,368**	**248,403**

13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In dollars	**31 December 2018**	**31 December 2017**
Cash flows from operating activities		
Profit/(loss) for the period	997,409	(858,391)
Adjustments for:		
Depreciation	24,373	32,782
Share of loss of associated companies	22,509	20,098
	1,044,291	**(805,511)**
Changes in:		
Trade and other receivables	(19,001)	149,028
Other assets	(9,385)	(29,029)
Trade and other payables	(324,919)	208,298
Income in advance	(1,020,053)	651,996
Employee benefits	237,991	57,574
	(1,135,367)	**1,037,867**
Net cash generated (used in)/by operating activities	**(91,076)**	**232,356**

14. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 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.

1. In the opinion of the Board of Directors of FarmaForce Limited ("the Company"):
    a. the interim financial statements and notes that are set out on pages 4 to 18 are in accordance with the *Corporations Act 2001*, including:
        I. giving a true and fair view of the financial position as at 31 December 2018 of the Company performance for the interim 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 half-year ended 31 December 2018.

3. The Directors draw attention to note 2 to the interim financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors.

Harry Simeonidis
Executive Director and General Manager

Sydney

26 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

FARMAFORCE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Farmaforce Limited which comprises the interim statement of financial position as at 31 December 2018, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Farmaforce Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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RSM Australia Partners ABN 36 965 185 036

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Certified System Quality ISO 9001

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Farmaforce Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Farmaforce Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 28 February 2019

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 Australia Partners

Level 13, 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