Tikforce Limited

FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2017

ABN: 74 106 240 475

Contents

Corporate Directory

Directors

Duncan Royce Anderson	Non-Executive Chairman
Kevin Michael Baum	Managing Director
Roland Holger Berzins	Non-Executive Director

Company Secretary
Roland Berzins

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Tikforce Limited
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ACN 106 240 475
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Website: www.tikforce.com

Solicitors
Nova Legal
Level 2,
50 Kings Park Road
West Perth WA 6005
PO Box 495 West Perth WA 6872

DLA Piper Australia
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

Share Registry
Advanced Share Registry Ltd
150 Stirling Highway
Nedlands, WA 6009
Telephone: 08 9389 8033
Facsimile: 08 9389 7871

Auditors
Greenwich and Co Audit Pty Ltd
Level 2
35 Outram St
West Perth, WA 6005

Stock exchange listing

Tikforce Limited shares are listed on the Australian Securities Exchange	ASX code	FPO	TKF
		Options	TKFOB

29 Sept 2017

Chairman's Letter

Annual Report

On behalf of the Board of Directors', I am pleased to present the Tikforce Annual report for the 2017 financial year.

We are very pleased that Tikforce has made the transition from software development to solution provider in the 2016-17 financial year. A very satisfying and positive indicator of the great work done by the Tikforce team is the successful transition of industry partners, from providing guidance to becoming customers, and gaining tangible value from the platform.

Tikforce is now actively expanding its customer base across a range of industries. Sales momentum is heading in the right direction, and as evidenced by recently announced projects, TikForce is experiencing a very positive step change in demand. The board and management team are pro-actively planning to ensure the business is adequately resourced to successfully execute customer projects, as it rapidly transitions from early commercialization phase to a larger scale operating business.

I congratulate Kevin Baum and the entire Tikforce team on their great work last financial year and thank our customers for working with us to deliver a superior value proposition.

Duncan Anderson

Non-Executive Chairman

For further information, please contact:
Roland Berzins
Company Secretary

Directors' Report

Your directors submit the financial report of TikForce Limited (ASX: TKF) ("TikForce" or "the Company") and its controlled entities ("consolidated group", "group", or "consolidated entity") for the year ended 30 June 2017.

Directors:
The names of directors who held office during the year and up to the date of this report:

Duncan Anderson	Non – Executive Chairman (appointed 18 April 2017)
Kevin Baum	Managing Director (appointed 30 June 2017)
Roland Berzins	Non-Executive Director
Peter Woods OAM	Non-Executive Chairman (retired 18 April 2017)
Ian Murie	Non-Executive Director (retired 30 June 2017)

Principal Activity:

The Company is an Australian Public Company that was re - quoted on the ASX on 12 April 2016 and formerly known as Palace Resources Ltd.

TikForce has developed an online solution for the delivery of identity and credential verification. Its low-cost platform helps organisations and individuals to achieve compliance faster, smarter and more efficiently than before by providing and supporting identity and credential verification. This benefits employers, recruiters, workers and job applicants to become more competitive in today's digital economy.

TikForce has developed its Platform in consultation and collaboration with industry insiders and experts. The approach is shaped by the belief that technology should be disruptive but not destructive. The components that make up the TikForce Platform are designed to be simple to use and to provide clarity to the user.

Operating Results:
The operating loss after income tax of the consolidated group for the year ended 30 June 2017 was $3,332,106 (30 June 2016 Loss - $4,423,972).

Review of Operations:

TikForce was developed in response to the difficulties of getting workers compliant and ready for mine site and construction activity. Until now, the process had been difficult, time consuming, and poorly done, with substantial non-compliance and workers not being able to start on time. The rising trend of part-time and outsourced workers was further exacerbating the problem with workers often employed by sub- sub-contractors.

TikForce listed on 12 April 2016 with a strong worker compliance platform, with privacy, security and scalability well in hand. However, the Company soon realised that enterprise and business clients needed much more, with integration, training, on-boarding, and security access among features on their wish list. They were looking for a streamlined, lower-cost process but they also wanted a single "source of truth" regardless of who the worker was employed by. If workers were coming on site, they needed to have up-to-date and validated credentials that aligned to the work they were doing.

Over the last eighteen months TikForce has worked with a wide range of companies to better understand their needs and the primary problems they needed fixed. This has meant that TikForce has had to substantially expand its initial offering and its feature set.

Tikforce have worked with mining service providers, labour hire companies, employment services groups, construction and infrastructure providers as well as training and other human resource software companies. This has included a number of trials and commercial projects as the Company refined and expanded the TikForce platform.

The TikForce platform is still based around individual workers uploading identity and credentials to the Tik.me worker document vault, and businesses accessing the verified data via an organisation portal. But the Company has now developed a product that is more feature rich, comprehensive, scalable and desirable.

Our business model supports business to business viral growth. On 28 August 2017 the Company announced our worker compliance roll-out to AngloGold which will see us directly engaging with hundreds of companies who will need to have their workers' profiles and credentials verified before working on site.

Delivering a trusted and valuable solution to large companies and organisations has been frustratingly slow, because they are diligent and cautious. However, TikForce has been patient, and has invested a significant amount of time and effort, and the result has been worth it.

TikForce is now in a strong place now with a quality solution, and strong and developing relationships with major Australian companies. We expect that our investment in our product and our relationships will deliver solid results over the 2018 financial year.

Financial position

The net assets of the consolidated group have decreased by $ 1,369,013 from $3,250,503 on 30 June 2016 to $1,881,490 as at 30 June 2017. This decrease was largely due to expenses associated with the continuing research and development of the Company's core program suite.

Capital Structure and Performance Shares and Performance rights

The capital structure of the Company is detailed below:

Capital structure	Number of securities on issue 30 June 2017
SHARES	
Fully paid ordinary	170,209,455
Options – exercisable at $0.11 each and expiring on 31 May 2018	63,670,960
Performance Shares	41,000,000
Performance Rights	12,000,000

Each performance security, upon conversion, is equivalent to one Tikforce Ltd fully paid ordinary share. The number of performance shares, performance rights and the specific performance share and performance rights obligations obligation (milestones) are listed in Note 13 to the financial statements.

Significant changes in the state of Affairs

No significant changes in the state of affairs of the group occurred during the 30 June 2017 financial year.

Litigation:
There are no other current actions against the group or by the group against third parties.

Events after the Reporting Date:

The group conducted trials within the JobActive network in support of job seekers and the service providers. The product developed will provide jobseekers with a digital credential vault, which could be accessed via multiple devices (smartphone, laptop, tablet, pc), along with an encrypted smartcard option.

The group has also committed to an exclusive, two-year commercial agreement with AngloGold Ashanti Australia Ltd, whereby the Company will fully manage the verification pre-qualification service to contractors engaged on AngloGold Ashanti projects in Australia, initially being the Tropicana and Sunrise Dam operations.

In addition, the group has received the Research and Development (R&D) claim for the financial year ending 30 June 2017.

The claim relates to a range of technical development activities associated with further advancement and extension of the TikForce platform.

The received funds will be applied to the continuation of support for the Company's ongoing operational rollout and the expansion of the recently announced Enterprise Vendor Supply Chain, thereby offering further opportunities for existing clients and new clients

Use of Cash and Assets

The Company confirms that it has used its cash and assets that it had at the time of its admission to the ASX official quotation platform in a way consistent with its business objectives.

Dividends:

The Directors do not recommend payment of any dividends at this time and no dividend was paid during the period.

Likely developments and expected results from operations

The Group intends to continue its development and commercialisation of its development of the TikForce platform that provides businesses a more efficient and complete solution for workforce identity, compliance checks, credentials and qualification screening.

Information on directors and secretary:

MR Duncan Anderson - DOB 17 SEPTEMBER 1969	**NON - EXECUTIVE CHAIRMAN (APPOINTED 18 APRIL 2017)**
Qualifications:	B. Bus (Curtin)
Experience	Mr Anderson co-founded a risk and compliance technology business that operated in the USA and Brazil where he held CEO and non-executive director roles. From start-up, the business grew at a compound annual growth rate of 40% before being acquired by a major global technology firm in 2016. Mr Anderson has two decades of experience in senior leadership roles within the supply chain and technology fields, with more recent focus on strategic planning, global market development and merger & acquisition.
Interests in shares and Options	Nil ordinary shares and nil options to acquire a further ordinary shares
Other current directorships	Nil
Other former directorships in the last three years.	Nil

Kevin Michael Baum - DOB 25 May 1959	**MANAGING DIRECTOR (APPOINTED 30 JUNE 2017)**
Qualifications	BA D(i) - Industrial Design (Curtin)
Experience	Mr Baum has extensive experience in the IT industry and has the capacity to respond to the development and marketing requirements of the Company by the appointment of competent staff to meet these requirements.
Other current directorships	**Nil**
Other former directorships in the last three years.	**Nil**
Interests in shares and Options	11,628,168 fully paid ordinary shares in the entity. 3,080,000 Class A Performance Shares 4,620,000 Class B Performance Shares 6,160,000 Class C Performance Shares

Roland Berzins DOB 18 Feb 1953	**NON-EXECUTIVE DIRECTOR, COMPANY SECRETARY AND PUBLIC OFFICER (APPOINTED 10 MARCH 2015)**
Qualifications	B Comm. ACPA FFIN TA.
Experience	Mr. Berzins graduated from the University of Western Australia with a Bachelor of Commerce majoring in accounting and finance. Since 1996 Mr. Berzins has been Company secretary for a variety of ASX listed companies, and has also had experience in retail, merchant banking, venture capital and SME business advisory. Mr Berzins also has experience in the financial management of technology based company's and their corporate management. In addition, Mr Berzins has extensive experience with respect to financial management within the mining industry and large organizations.
Other current directorships	Odin Energy Ltd
Other former directorships in the last three years.	Mt Ridley Mines Limited (16/02/2005 to 08/09/2014) Activistic Ltd (resigned 31 July 2015) Excalibur Mining Corporation ltd (resigned 20/12/2016)
Interests in shares and Options	1,082,077 ordinary shares and 344,208 options to acquire any further ordinary shares

Mr Peter Woods OAM DOB 29 March 1943	**Non - Executive Chairman (Appointed 11 July 2012 and retired 18 April 2017)**
Qualifications:	JP, BA, MLitt, FACE, FAICD
Experience	Mr Woods has had extensive Board and political experience in both the public and private sectors, nationally and internationally. He has extensive experience in Asia-Pacific and throughout the World and following his service as Secretary General of United Cities and Local Governments (Asia Pacific), Asia Pacific President and World Vice President of the International Union of Local Authorities and a ten-year term as a Director of the Commonwealth Local Government Forum and considerable United Nations work.
Interests in shares and Options	223,788 ordinary shares and nil options to acquire any further ordinary shares
Other current directorships	Nil
Ian Murie – DOB 25 May 1953	**Non-Executive Director (appointed on 13 April 2011 and retired 30 June 2017)**
Qualifications	B Juris LLB
Experience	Ian Murie runs a commercial legal practice in West Perth and has been admitted for over 30 years. He holds a Bachelor of Law degree from the University of Western Australia and is a Notary Public. He was previously the Chairman of publicly listed Excalibur Mining Corporation Limited. He was previously on the Compliance committee of four Great Southern vineyard schemes.
Other current directorships	Nil
Other former directorships in the last three years.	Activistic Ltd (resigned 18 June 2015)
Interests in shares and Options	146,871 ordinary shares and nil options to acquire any further ordinary shares

Meetings of Directors:
During the financial year, 10 meetings of directors (including circular resolutions) were held. Attendances were:

Director	Number of meetings attended	Number of meetings eligible to attend
D Anderson	4	4
K Baum	-	-
R Berzins	10	10
P Woods	5	6
I Murie	10	10

Options

At the date of this report, the unissued ordinary shares of Tikforce Limited under options are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
31 March 2016	31 May 2018	$0.11	20,000,000
31 March 2016	31 May 2018	$0.11	450,000
3 January 2017	31 May 2018	$0.11	27,220,960
12 June 2017	31 May 2018	$0.11	16,000,000
			63,670,960

Option holders do not have any rights to participate in any issue of shares and other interests of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remunerations, refer to the remunerations report.

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

Principles used to determine the nature and amount of remuneration
The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the company is as follows:

- Key Management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives of the Company and the Consolidated Entity;
- Compensation levels for key management personnel of the Company and the relevant key management personnel of the Consolidated entity are competitively set to attract and retain appropriately qualified and experienced directors and executives; and
- The compensation structure explained below is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and to attract the broader creation of values for shareholders.

The board has no established retirement or redundancy schemes.

Remuneration Committee
Due to the current size of the Board and the number of staff, the full Board is responsible for determining and reviewing compensation arrangements for directors, the chief executive officer and all staff. The Board may seek independent expert advice to assess the nature and amount of remuneration of all staff including directors and the chief executive officer by reference to relevant employment market conditions with the overall objective being the retention and attraction of a high quality board and executives.

Remuneration structure
In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 4 November 2004 when shareholders approved an aggregate remuneration of $300,000 per year. The board considers advice from external consultants when undertaking the annual review process.

Due to tight financial constraints, every effort has been made to reduce all fees, including non-executive director compensation.

Executive director remuneration

Objective

The Company aims to reward and attract executives with a level and mix of remuneration commensurate with their position and responsibilities within the group.

Structure

In determining the level and make up of executive remuneration, the Board may engage external consultants from time to time to provide independent advice. Remuneration generally consists of the following elements:

- Fixed remuneration;
- Variable remuneration; and
- Long Term Incentive.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. It is reviewed annually and it involves where appropriate the access to external advice.

Variable Remuneration and long term incentive

From time to time the Board may seek to emphasise payments for results through providing various reward schemes. The objective of the reward schemes is to both reinforce the short and long term goals of the Company and to provide a common interest between management and shareholders.

At this stage the Company doesn't offer any alternatives for the fixed component.

Service Agreements

The Company has an employment contract with Mr Kevin Baum, a founder of Tikforce Operations Pty Ltd and currently Managing Director of the group. Mr Baum's remuneration may at no time exceed A$300,000 (or such amount as may be the then "Reviewed Remuneration amount") on an annual basis. Mr Kevin Baum is subject to annual performance reviews, and may also be eligible to receive bonus options in the Company which may be granted, and allotted by the Board, based on completion and measurement against KPI's and market conditions and subject to approval of Shareholders. Termination notice required by Mr Kevin Baum is four weeks. Should the Company terminate Mr Kevin Baum, payment of 6 months of base salary is required, subject to approvals, if any, required by the Corporations Act.

Non-executive directors do not have agreements with the group and do not have notice periods.

Remuneration of directors and executives:

For the year ended 30 June 2017

Directors	**Directors fees**	**Salary and consulting fees**	**Super-annuation**	**Sub total**	**Share based payments**	**Total**	**Share based payments as a proportion %**
	$	**$**	**$**	**$**	**$**	**$**	
Non - Executives							
D Anderson – Appointed 18 April 2017	7,500	-	-	7,500	-	7,500	Nil
R. Berzins	36,000	50,000	-	86,000	-	86,000	Nil
P. Woods - Retired 18 April 2017	40,500	-	-	40,500	-	40,500	Nil
I. Murie - Retired 30 June 2017	38,500	-	-	38,500	-	38,500	Nil
Total	122,500	50,000	-	172,500	-	172,500	Nil

Executives	**Directors fees**	**Salary and fees**	**Super-annuation**	**Sub total**	**Share based payments**	**Total**	**Share based payments as a proportion %**
	$	**$**	**$**	**$**	**$**	**$**	
K Baum Managing Director (i)	-	312,500	29,687	342,187	-	342,187	Nil
	-	312,500	29,687	342,187	-	342,187	Nil

	Directors fees	**Salary and fees**	**Super-annuation**	**Sub total**	**Share based payments**	**Total**	**Share based payments as a proportion %**
	$	**$**	**$**	**$**	**$**	**$**	
Total KMP	122,500	362,500	29,687	514,687	-	514,687	Nil

(i) Kevin Baum was appointed the Managing Director on 30 June 2017. However, prior to this time had been the chief executive officer of the group since 24 April 2016. He was a "key management person" throughout the financial year to 30 June 2017.

For the year ended 30 June 2016

Directors	Salary and fees $	Super-annuation $	Sub total $	Share based payments $	Total $	Share based payments as a proportion %
Non-executives						
R. Berzins	57,950	-	-	28,050	86,000	32.6%
P. Woods	22,729	-	-	22,271	45,000	49.5%
I. Murie	47,308	-	-	7,642	54,950	13.9%
Total	127,987	-	-	57,963	185,950	31.9%

Executives	Salary and fees $	Superannuation $	Sub total $	Share based payments $	Total $	Share based payments as a proportion %
Kevin Baum (CEO)	175,000	7,125	182,125	-	182,125	-
	175,000	7,125	182,125	-	182,125	-

(i) Ordinary Shareholdings

The number of ordinary shares held in Tikforce Ltd by each Key Management Persons (KMP) (including directors and managing Director) during the financial year is as follows:

Name and Position held - 2017	Balance 01/07/2016 or at date of appointment	Granted as Remuneration's during the year	Issued on exercise of Options during the year	Other changes during the year	Balance 30/06/17 or date of resignation
Duncan Anderson – appointed 18 April 2017	-	-	-	-	-
Kevin Baum – Managing Director	**11,628,168**	-	-	-	**11,628,168**
Roland Berzins – Non Executive Director and Company Secretary	**393,662**	-	-	**688,415** (partook in rights issue)	**1,082,077**
Peter Woods – Chairman – retired 18 April 2017	**225,788**	-	-	-	**225,788**
Ian Murie – Non Executive Director – retired 30 June 2017	**146,871**	-	-	-	**146,871**
Total	**12,394,489**		-	**688,415**	**13,082,904**

(ii) Options

All options were issued by Tikforce Limited and entitle the holder to one ordinary share in Tikforce Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

2017	Balance 01/07/2016 or at date of appointment	Acquired	Exercised	Lapsed	Balance 30/06/17 or date of resignation
Duncan Anderson – appointed 18 April 2017	-	-	-	-	-
Kevin Baum – Managing Director	-	-	-	-	-
Roland Berzins – Non Executive Director and Company Secretary [1]	-	**344,208**	-	-	**344,208**
Peter Woods – Chairman – retired 18 April 2017	-	-	-	-	-
Ian Murie – Non Executive Director – retired 30 June 2017	-	-	-	-	-
Total	**-**	**344,208**	**-**	**-**	**344,208**

[1] Mr Berzins partook in the Company rights issue

(iii) Performance shares

2017	Balance 01/07/2016 or at date of appointment	Granted Details	Exercised	Lapsed	Balance at 30/06/16 or date of resignation
Duncan Anderson – appointed 18 April 2017	-	-	-	-	-
Kevin Baum – Managing Director [1]	13,860,000	-	-	-	13,860,000
Roland Berzins – Non Executive Director and Company Secretary	-	-	-	-	-
Peter Woods – Chairman – retired 18 April 2017	-	-	-	-	-
Ian Murie – Non Executive Director – retired 30 June 2017	-	-	-	-	-
Total	**13,860,000**	**-**	**-**	**-**	**13,860,000**

[1]Mr Baum holds an indirect interest in the following number of performance shares:

Description	Number of Performance shares held
Performance Shares – Class A	3,080,000
Performance Shares – Class B	4,620,000
Performance Shares – Class C	6,160,000

- A Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users
- B Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users
- C Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users.

Loans to key management personnel

There were no loans to key management personnel during the year.

Remuneration Consultants

The Company did not engage any remuneration consultants during the year ended 30 June 2017.

Voting and comments made at the Company's 2016 Annual General Meeting ("AGM")

At the 2016 AGM, 100% of the voters received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of Remuneration Report (Audited)

Indemnities and insurance officers

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

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

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, 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 for leave of court to bring proceedings on behalf of the Company or 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 any 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

The following details non-audit services provided by Greenwich & Co Audit Pty Ltd and associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of professional pronouncements and standards for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general standard of independence for auditors.

Greenwich & Co Audit Pty Ltd and associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2017 $	2016 $
Taxation services	34,840	-
Investigating accountants reports	-	12,650
Total non-audit services	34,840	12,650

Auditor's Declaration:

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 32 for the year ended 30 June 2017.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Roland Berzins
Director
Date:29 September 2017

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

The Board of Directors of Tikforce Limited ("Tikforce" or "the Company") is committed to conducting the Company's business in accordance with the highest standards of corporate governance. The Board is responsible for the Company's Corporate Governance and the governance framework, policy and procedures, and charters that underpin this commitment. The Board ensures that the Company complies with the corporate governance requirements stipulated in the Corporations Act 2001 (Cth), the ASX Listing Rules, the constitution of the Company and any other applicable laws and regulations.

The table below summarises the Company's compliance with the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition), in accordance with ASX Listing Rule 4.10.3.

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principles and Recommendations		Disclosure	Comply
Principle 1 – Lay solid foundations for management and oversight			
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	These matters are disclosed in the Company's Board Charter, which is available on the Company's website which is in transition / reconstruction	Does not comply
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (c) provide security holders with all material information in its possession relevant to a decision on whether to not to elect or re- elect a director	When a requirement arises for the selection, nomination and appointment of a new director, the Board forms a sub-committee that is tasked with this process, and includes undertaking appropriate checks and any potential candidates. When directors retire and nominate for re-election, the Board does not endorse a director who has not satisfactorily performed their role.	Complies Complies
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company executes a letter of appointment with each director and services agreements with senior executives.	Complies
1.4	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.	The Company Secretary reports to the chair of the board on all matters to do with the proper function of the board.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

1.5	A listed entity should: (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; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objective for achieving gender diversity set by the boards or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: 1. 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 2. 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 the Act.	Due to its size and limited scope of operations, the Company does not currently have a diversity policy. As the group’s activities increase in size, scope and/or nature, the board will consider the appropriateness of adopting a diversity policy.	Does not comply

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

	Principles and Recommendations	Compliance	Comply
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Currently, the Board does not formally evaluate the performance of the Board and individual directors (except as noted below), however the Board Chairman provides informal feedback to individual Board members on their performance and contribution to Board meetings, on an ongoing basis.	Does not comply
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The current Managing Director, Mr Kevin Baum was appointed on 30 June 2017 and there is provision for the evaluation of his performance on the anniversary date of his appointment.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principle 2 – Structure the board to add value			
2.1	A listed entity should: (a) have a nomination committee which; (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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 (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 skills, knowledge, experience, independence and diversity to enable it to discharge it duties and responsibilities effectively.	Due to its size and limited scope of operations, the Company does not currently have a nomination committee, however board sub-committees are formed, as required, to manage matters that would normally be dealt with by a formally constituted nomination committee. As the group's activities increase in size, scope and/or nature, the board will consider the appropriateness of a nomination committee.	Does not comply
2.2	A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A copy of the board skill matrix is appended to this Corporate Governance Statement.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; and (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 no compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Mr Duncan Anderson and Mr Roland Berzins are considered by the board to be independent directors and this is disclosed on the Company web site and in its annual and half- yearly director reports. The length of service of each director is disclosed in the Company's annual and half yearly director reports and in notices of meetings when directors are nominated for re-election.	Complies

Principles and Recommendations		Compliance	Comply
2.4	A majority of the board of a listed entity should be independent directors.	Mr Duncan Anderson and Mr Roland Berzins are independent members of the Company's board.	Complies
2.5	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.	Mr Duncan Anderson is the Chairman and is an independent non-executive director.	Complies.

Principle 3 – A listed entity should act ethically and responsibly			
3.1	A listed entity should: (a) have a code of conduct of its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company code of conduct is available on the Company web site which is in transition / reconstruction.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principle 4 – Safeguard integrity in corporate reporting			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director; who is not the chair of the board, and disclose (3) the relevant qualifications and experience of the members of the committee; and (4) 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 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 rotations of the engagement partner.	Due to its size and limited scope of operations, the Company does not currently have an audit committee, however the auditors do meet with the full board, without management present to its audit report and any other matters that have arisen during its audit work. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of an audit committee.	Does not comply, however the auditors do meet with the full board.

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

4.2	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.	The Board does receive a statement signed by those performing the roles of the Managing Director and the Chief Financial Officer.	Complies
4.3	A listed entity that has an Annual General Meeting (AGM) should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit,	The Company's auditors are present at the Annual General Meeting.	Complies

Principles and Recommendations		Compliance	Comply
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company does have a Continuous Disclosure policy, which is available on the Company web site which is currently in transition / reconstruction.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principles and Recommendations		Compliance	Comply
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investor via its website.	The Company does have a company information and governance statement, which is available on the Company web site which is currently in transition / reconstruction	Complies
6.2	A Listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has implemented an investor relations program targeting retail investors and encourages all investors or potential investors to communicate with the Company via its web site which is currently in transition / reconstruction	Complies
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company Shareholder Communication Policy is available on the Company web site which is currently in transition / reconstruction	Complies
6.4	A listed entity should give security holder the option to receive communications from, and send communication to the entity and is security registry electronically.	Security holder can elect to receive communications from the Company electronically either by contacting the Company's share registrar, or the Company directly.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principal 7 – Recognise and manage risk			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (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 framework.	Due to its size and limited scope of operations, the Company does not currently have a risk committee; however management does present and discuss risk with the full board. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a risk committee.	Does not Comply
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The board reviews the Company's risk management framework at least annually and disclose this in annual periodic report.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principles and Recommendations		Principles and Recommendations	Principles and
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	The Company does not have an internal audit function.	Does not comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does make these disclosures.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

Principle 8 – Remunerate fairly and responsibly			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (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.	Due to its size and limited scope of operations, the Company does not currently have a remuneration committee. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a remuneration committee.	Does not Comply
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive director and other senior executive.	The Company discloses its practices in relation to the remuneration of non-executive directors and senior executives in its annual remuneration report.	Complies

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2017

8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company's Security Trading Policy obliges all directors, officers and employees of the Company to advise the Company, via the Company Secretary, or any securitisation of Company securities. A copy of the policy is available on the Company's web site. As at the date of this statement the Company Secretary has not been advised by an officer or employee of the Company of any securitisation of Company securities that they own.	Complies

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

Diversity

The Company and all its related bodies corporate are committed to workplace diversity. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefitting from all available talent.

Diversity includes, but is not limited to gender, age, ethnicity and cultural background.

The Diversity Policy is available on the Company's website which is in transition / reconstruction..

As stated earlier, the Company is at a stage of its development that the application of measurable objectives in relation to gender diversity, at the various levels of the Company's business, is not considered to be appropriate nor practical.

The participation of women in the Company and consolidated entity at 30 June 2017 was as follows:

- *Women employees in the consolidated entity* *27%*
- *Women in senior management positions* *0%*
- *Women on the board* *0%*

Further details of the Company's corporate governance policies and practices are available on the Company's website at www.tikforce.com.au

Greenwich & Co

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Auditor's Independence Declaration

To those charged with governance of Tikforce Limited

As auditor for the audit of Tikforce Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

Perth

29 September 2017

TIKFORCE LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	2016 $
Income			
Sales revenue		177,493	15,625
Interest income		70	-
R and D tax incentives		860,707	22,849
Total Income	4(a)	**1,038,270**	**38,474**
Expenses			
Employee benefits expense	4(b)	1,819,915	157,435
Consulting expenses		280,969	141,321
Compliance and Regulatory expenses	4(b)	252,147	38,653
Impairment expense	4(b)	452,647	(926)
Amortisation expense	8	396,729	116,042
Development costs written off	8	173,492	-
Directors fees		101,484	33,000
Travel and Accommodation expenses		48,924	45,035
Occupancy expenses		136,992	120,226
Financial expenses		6,340	39,990
Computer maintenance and licence expenses		245,473	-
Loss on conversion of convertible note		-	967,500
Listing fee	19	-	2,682,809
Other expenses		455,264	121,361
Total expenses		**4,370,376**	**4,462,446**
Loss before income tax		**(3,332,106)**	**(4,423,972)**
Income tax expense	15	-	-
Net (loss) for the year		**(3,332,106)**	**(4,423,972)**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**(3,332,106)**	**(4,423,972)**
Basic Loss per share (cents)	5	(2.50)	(15.69)
Diluted loss per share (cents)	5	(2.50)	(15.69)

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

TIKFORCE LIMITED

Statement of Financial Position
As at 30 June 2017

	Note	CONSOLIDATED 2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	381,598	1,794,644
Trade and other receivables	7a	604,316	151,469
Other assets		44,224	4,871
Total current assets		**1,030,138**	**1,950,984**
NON CURRENT ASSETS			
Other receivables	7b	189,289	-
Property, plant and equipment		14,802	3,150
Intangible assets	8	1,195,896	2,209,789
Total non-current assets		**1,399,987**	**2,212,939**
Total assets		**2,430,125**	**4,163,923**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	339,832	875,550
Borrowings	10	106,096	-
Provisions	11	97,332	37,870
Other liabilities		5,375	-
Total current liabilities		**548,635**	**913,420**
Total liabilities		**548,635**	**913,420**
Net assets		**1,881,490**	**3,250,503**
EQUITY			
Contributed equity	12	8,169,430	6,700,737
Share based payments reserve	13	1,450,445	956,045
Accumulated losses	14	(7,738,385)	(4,406,279)
Total equity		**1,881,490**	**3,250,503**

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

TIKFORCE LIMITED

Statement of Changes in Equity
For The Year Ended 30 June 2017

2017 CONSOLIDATED	Issued Capital	Share Based Payment Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2016	**6,700,737**	**956,045**	**(4,406,279)**	**3,250,503**
Comprehensive income				
(Loss) for the year	-	-	(3,332,106)	(3,332,106)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	(3,332,106)	(3,332,106)
Transactions with owners in their capacity as owners:	**-**	**-**	**-**	**-**
Issued Capital – Shares	2,622,095	-	-	2,622,095
Share Issue costs	(1,153,402)	494,400	-	(659,002)
Total transactions with owners and other transfers	**1,468,693**	**494,400**	**-**	**1,963,093**
Balance at 30 June 2017	**8,169,430**	**1,450,445**	**(7,738,385)**	**1,881,490**

	Issued Capital	Share Based Payment Reserves	Accumulated Losses	Total
	$	$	$	$
2016				
CONSOLIDATED	**60**	**-**	**17,693**	**17,753**
Comprehensive income				
(Loss) for the year	-	-	(4,423,972)	(4,423,972)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(4,423,972)**	**(4,423,972)**
Transactions with owners in their capacity as owners:				
Issued Capital – Shares	8,776,757	-	-	8,776,757
Share Issue costs	(2,076,080)	-	-	(2,076,080)
Issued Capital - options	-	956,045	-	956,045
Total transactions with owners and other transfers	**6,700,677**	**956,045**	**-**	**7,656,722**
Balance at 30 June 2016	**6,700,737**	**956,045**	**(4,406,279)**	**3,250,503**

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

TIKFORCE LIMITED

Statement of Cash Flows

For The Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		49,109	38,477
Cash payments to suppliers and employees		(3,747,953)	(917,562)
Interest paid		(6,340)	(39,993)
Interest income		70	-
Research and development tax incentive received	**4a**	346,955	-
Net cash (used in) operating activities	**6**	**(3,358,159)**	**(919,078)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(11,652)	-
Payments to suppliers and employees - IP		(6,328)	(884,023)
Cash acquired on acquisition of Tikforce Limited	**18**	-	4,551,833
Net cash (used in) / provided by financing activities		**(17,980)**	**3,667,810**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from capital raising		2,222,094	52,568
Payment of capital raising costs		(259,001)	(1,122,080)
Proceeds from the issue of options		-	2,045
Proceeds from borrowings		-	673,546
Repayment of loans		-	(563,348)
Net cash (used in) / provided by financing activities		**1,963,093**	**(957,269)**
Net (decrease) / increase in cash and cash equivalents held		**(1,413,046)**	**1,791,463**
Cash and cash equivalents at the beginning of the financial year		1,794,644	3,181
Cash and cash equivalents at the end of the financial year	**6**	**381,598**	**1,794,644**

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

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Tikforce Limited (or "the Company") and Controlled Entities (the "consolidated group", the "Group", or the "consolidated entity"). Tikforce Limited is a public listed company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Tikforce Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The address registered office is Suite A7 435 Roberts Rd Subiaco WA, 6005, Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2017.

(a) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. During the period ended 30 June 2017, the Group incurred net loss after tax $3,332,106 (30 June 2016: $4,423,972) and a cash outflow from operating activity of $3,358,159 (30 June 2016: $919,078). As at 30 June 2017, the Group had cash and cash equivalents of $381,598 (30 June 2016: $1,794,644) and net assets of $1,881,490 (30 June 2016: $3,250,503). As a result there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Group has prepared a detailed cash budget showing the need to receive additional funds in order to finance the Group for the next twelve months.

The directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate, based upon the following:

- The ability of the Company to obtain funding through various sources, including debt and equity issues which are currently being investigated by management;
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan; and
- The expected receipt of sale proceeds from the sale of processing of license applications.

The directors have reasonable expectations that they will be able to raise additional funding needed for the Group to continue to execute against its milestones in the medium term. However, cashflows will be adjusted to ensure that the Company can pay its debts as and when they fall due until medium term funding is secured. This may have an impact on the ability of the Group to grow as rapidly as it anticipated but should provide a more sustainable cost base until funding is obtained

The financial report does not include adjustment relating to the recoverability or classification of the recorded asset amounts or the amount or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(b) Basis of preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the financial report has been prepared on a historical cost basis.

The financial report has been presented in Australian Dollars, which is the functional currency of the Company.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Acquisition of Tikforce Operations Pty Ltd
On 31 March 2016 Tikforce Ltd (formerly called The Company Resources Ltd) completed the legal acquisition of Tikforce Operations Pty Ltd. Under the Australian Accounting Standards, Tikforce Operations Pty Ltd was deemed to be the accounting acquirer in the transaction. Therefore, the acquisition has been accounted for as a share based payment by which Tikforce Operations Pty Ltd acquired the net assets and listing status of Tikforce Ltd.

Accordingly, the 2016 consolidated financial statements of Tikforce Ltd were prepared as a continuation of the business and operations of Tikforce Operations Pty Ltd. As the deemed accounting acquirer Tikforce Operations Pty Ltd accounted for the acquisition of Tikforce Ltd from 31 March 2016.

(c) Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 2.

(d) Principles of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June each year. The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tikforce Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and potential effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Tikforce Limited.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1 (v).

(e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair-value, and the amount of any non – controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non – controlling interests in the acquiree at fair value or at the proportionate shares of the acquiree identifiable net assets. Acquisition – related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed to be appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at the fair value at the acquisition date. Contingent conditions classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit and loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non – controlling interest) and any previous interest held over the net identifiable assets acquired and liability assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re- assesses whether it has correctly identified all of the assets and all of the liabilities assumed and reviews the procedure used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. For the purpose of impairment testing, goodwill acquired in a business is, from the acquisition date, allocated to each of the Group's cash – generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

TIKFORCE LIMITED

Where goodwill has been allocated to a cash generating unit (CGU), and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the proportion of cash – generating units retained.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from rendering services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Research and development tax incentive income is recognised when the amount can be measured reliably and it is probable of being received.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and short term deposits that are readily convertible to known amounts of cash and which are subject to the insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in the current liabilities in the statement of financial position.

(h) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses (including revenues and expenses relating to the transaction with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers (currently the Board) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start – up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

(i) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company'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.

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. However, the deferred income tax is not accounted for if it arises from initial recognition of

an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred tax assets are recognised 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 controlled entities where the parent entity 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 offset and intends either to settle on a net basis, or to realise the asset and settle the liability, simultaneously.

(j) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

(k) Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined has no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income

(l) 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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

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. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(m) Property, plant and Equipment
Plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on a straight – line basis over the estimated life of the asset which ranges between 3 and 25 years.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continual use of the asset.

Any gain of loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the items) is included in the statement of comprehensive income in the period the item is derecognised.

(n) Intangible Assets
Intangible assets acquired separately are measured at 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 intangible, excluding capitalised development costs (see Note 1o below), are not capitalised and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of the intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lies are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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 economic future benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortised expense of intangible assets with finite lives is recognised in the statement of profit or loss in 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 supported. If not, the changes in the useful life from indefinite to finite are made on a prospective basis.

(o) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset only when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Amortisation

A summary of the current amortisation rates applied to the Group's intangible assets are as follows

	Development costs
Useful life	Finite (5 years)
Amortisation method	Amortised on a straight – line basis over the period of expected future sales from the related project
Internally generated or acquired	Internally generated

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which were unpaid. The amounts are unsecured.

(q) Share based payments

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using industry accepted pricing models such as Black-Scholes, Binomial and Montecarlo.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Tikforce Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects;

(i) the extent to which the vesting period has expired and
(ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 5).

(r) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(u) New Accounting Standards for Application in Future Periods

There are a number of new Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the consolidated group and have not been applied in preparation of these consolidated financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group in the current or future reporting periods.

(v) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of capitalised development costs

The Group assesses impairment of capitalised development costs for assets available for use at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. If an impairment trigger exists, the recoverable amount of the assets are determined. For capitalised development costs relating to assets not yet available for use, the recoverable amounts are determined annually. The determination of recoverable amount involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Amortisation of capitalised development costs

The useful life used to amortise capitalised development costs is estimated based on an anticipation of future events which may impact their life. The useful life represents managements view of the expected term over which the Group will receive benefits from the development and is regularly reviewed for appropriateness.

Share-based payment transactions
The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value are options are determined by using Binomial, Black-Scholes, and Monte Carlo models, which incorporate various estimates and assumptions. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Tax
Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors, pending further assessment in the next financial year.

2 PARENT ENTITY INFORMATION

Information relating to Tikforce Limited (the legal parent entity):	**2017** **$**	**2016** **$**
Current assets	322,955	1,751,290
Non-current assets	5,137,569	3,658,117
Total assets	5,460,524	5,409,407
Current liabilities	96,578	382,845
Total liabilities	96,578	382,845
Issued capital	20,376,727	20,100,958
Accumulated losses	(16,472,676)	(16,039,891)
Share options reserve	1,459,895	965,495
Total shareholders' equity	5,363,946	5,026,562
Loss of the parent entity	432,785	1,137,795
Total comprehensive loss of the parent entity	432,785	1,137,795

The parent company has not entered into any guarantees, has no significant contingent liabilities, or contractual commitments for the acquisition of property, plant or equipment as at 30 June 2017.

3 SEGMENT REPORTING

During the year the consolidated entity operated predominantly in one segment, that being information technology for the development of its Tikforce platform, which enable increasingly mobile and freelance workers to better control where, for whom and when they work, and enable organisations to better manage their increasingly flexible workforce.

TIKFORCE LIMITED

4 REVENUE AND EXPENSES

4(a) Revenue from continuing operations

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Sales to customers	177,493	15,625
R and D tax incentive – Relating to the year 30 June 2016 (i)	346,955	-
R and D tax incentive – Relating to the year to 30 June 2017 (ii)	513,752	-
Other Income	70	22,849
Total Income	1,038,270	38,474

(i) The research and development tax incentive in relation to the year to 30 June 2016 was received in December 2016. The group records tax incentive income when the amount can be measured reliably and it is probable of being received.

(ii) The research and development tax incentive in relation to the year to 30 June 2017 was received subsequent to year end (Note 22)

4(b) Expenses

	CONSOLIDATED	
i) Employee benefit expense	**2017**	**2016**
	$	**$**
Wages and salaries expenses	1,561,789	70,108
Superannuation and annual leave expense	204,547	86,678
Payroll tax expense	53,579	649
	1,819,915	**157,435**
ii) Impairment		
Impairment of Min-Trak intellectual property (Note 8)	450,000	-
Impairment of financial assets	2,647	(926)
	452,647	**(926)**
iii) Compliance and Regulatory fees		
Audit and tax expenses	159,207	30,179
ASX and ASIC expenses	52,534	(3,523)
Share registry expenses	40,406	11,907
	252,147	**38,563**

5 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the net loss and no of shares used in the basic and diluted loss per share computations:

TIKFORCE LIMITED

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Net loss after income tax benefit attributable to members	(3,332,106)	(4,423,972)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS and diluted EPS	133,351,889	28,201,416
Earnings per share (Cents)	(2.50)	(15.69)

Note

The below securities as at 30 June 2017 have not been included in the above diluted EPS calculation as they are anti-dilutive.

Options	63,670,960
Performance Shares	41,000,000
Performance Rights	12,000,000

6 CASH AND CASH EQUIVALENTS

- **Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Cash at bank	381,598	1,794,644

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

TIKFORCE LIMITED

- **Reconciliation of loss from ordinary activities after income tax to net cash flows from operating activities**

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Loss after income tax	(3,332,106)	(4,423,972)
Listing expenses	-	2,682,808
Loss on conversion of con note	-	967,500
Amortisation expense	396,729	116,042
Impairment expense	450,000	(926)
Development costs written off	173,492	-
Miscellaneous expenses	-	(162,647)
Movements in assets and liabilities		
Movement in current trade and other receivables	(452,847)	113,357
Movement in other assets	(39,353)	-
Movement in non-current other receivables	(189,289)	-
Movement in trade and other payables , net of reclassifications (Note 10)	(429,622)	(368,676)
Movement in provisions	59,462	157,436
Movement in other liabilities	5,375	-
Cash out flow from operations	(3,358,159)	(919,078)

Non-cash financing activities are outlined in Notes 12 and 13.

7 RECEIVABLES

	CONSOLIATED	
	2017	**2016**
	$	**$**
a) Current		
Trade and other receivables	90,564	151,469
R and D tax incentive (i)	513,752	-
	604,316	151,469

(i) Received subsequent to year end (Note 22)

b) Non-current	CONSOLIATED	
	2017	**2016**
	$	**$**
Loans receivable – AAG Management Pty Ltd (i)	90,000	-
Loan – GCP Capital Ltd (i)	50,000	-
Loan – Silikonrok Pty Ltd (i)	30,253	-
Other loans receivable (i)	19,036	-
	189,289	-

(i) As at 30 June 2016, loans receivable were classified in current “trade and other receivables”.

8 INTANGIBLE ASSETS

	Research and Development $	Intellectual Property - Mintrak $	Total $
Year ended 30 June 2017			
Opening value as at 31 July 2016	**1,246,164**	**963,625**	**2,209,789**
Additions	6,328	-	6,328
Development costs written off	(173,492)	-	(173,492)
Impairment (i)	-	(450,000)	(450,000)
Amortisation	(396,729)	-	(396,729)
Closing value as at 30 June 2017	**682,271**	**513,625**	**1,195,896**

(i) As at 30 June 2017, the directors reviewed the carrying value of intellectual property acquired on acquisition in the prior year (Note 19). Due to movements in the market for such technology and the Group focusing on other development opportunities, the directors estimated an impairment charge in relation to this asset.

	Research and Development $	Intellectual Property $	Total $
Year ended 30 June 2016			
Balance at the beginning of the year	478,011	-	478,011
Additions	884,021		884,021
Acquired upon acquisition of subsidiary (Note 18)	-	963,625	963,625
Amortisation	(115,868)	-	(115,868)
Closing value as at 30 June 2016	**1,246,164**	**963,625**	**2,209,789**

9 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017 $	2016 $
Trade payables	67,118	744,240
Other payables and accrued expenses	272,714	130,760
	339,832	875,000

10 BORROWINGS

	CONSOLIDATED	
	2017 $	2016 $
Loan from Odin Energy Ltd (i)	50,000	-
Loan from Green Base (i)	25,000	-
Loan from GCP Capital Ltd (i)	25,050	-
Other loans	6,046	-
	106,096	-

TIKFORCE LIMITED

(i) The loans are interest free and do not have a fixed term. As at 30 June 2016 these balances were classified as current other payables.

11 PROVISIONS

	CONSOLIDATED	
	2017	2016
	$	$
Provision for annual leave	97,332	37,870
	97,332	37,870

12 CONTRIBUTED EQUITY

	CONSOLIDATED	
	2017	2016
	$	$
(a) Issued and fully paid up capital		
170,209,455 (2016: 117,767,564) ordinary shares fully paid	8,169,430	6,700,737

SHARES	Number	$
Shares on issue 1 July 2015	60	60
Shares issued under Misto Share Sale Agreement	16,499,940	-
Elimination of Shares on Acquisition by Misto	(16,500,000)	-
Issue of Shares under the Vendor Offers as consideration of the Acquisition – Misto / Tikforce Operations Pty Ltd	30,000,000	1
Issue of Shares under the Vendor Offers as consideration of the Acquisition – Min- Trak	9,000,000	900,000
Existing shares of Tikforce Limited on acquisition of Misto – 16 August 2015	11,929,229	1,192,923
Issue of Shares under the Public Offer	45,231,813	4,523,181
Issue of Shares under the The Company Resources Creditor Offer	1,806,522	180,652
Issue of Shares under the Min-Trak Creditor Offer	450,000	45,000
Issue of Shares under Converting Note Conversion Offer upon conversion of the Converting Notes	19,350,000	1,935,000
Capital Raising Costs	-	(2,076,080)
TOTAL SHARES ON ISSUE 30 JUNE 2016	117,767,564	6,700,737

[i] Securities are shown on a post consolidation basis. During the 2016 year there was a consolidations of capital: 1:100.

TIKFORCE LIMITED

SHARES	Number	$
Shares on issue 1 July 2016	117,767,564	6,700,737
Placement to Sophisticated Investors at $0.05	10,000,000	500,000
Rights issue at $0.05	34,441,891	1,722,094
Shares issued to brokers (i)	8,000,000	400,000
Costs of capital (i)	-	(1,153,401)
TOTAL SHARES ON ISSUE 30 JUNE 2017	170,209,455	8,169,430

(i) Includes:

- Fair value of 16 million options and 12 performance rights issued to CPS Capital Group Pty Ltd as outlined in the Notice of Meeting announced on 7 February 2017; and
- Value of 8 million shares issued to CPS Capital Group Pty Ltd for share placement management fees as outlined in the prospectus announced on 16 November 2016.

b) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder' meetings.

In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

c) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares.

The consolidated entity monitors capital with reference to the net debt position. The consolidated entity's current policy is to ensure that cash and cash equivalents exceeds debt at all times.

TIKFORCE LIMITED

13 SHARE BASED PAYMENTS RESERVE

	$
Opening balance 1 July 2015	-
2,098,778 options on acquisition of subsidiary (Note 19)	97,440
20,450,000 options issued	956,045
2,097,528 options expired	(97,440)
Closing balance 30 June 2016	956,045
43,220,960 options issued	46,400
16,000,000 performance rights issued	448,000
	1,450,455

Options

During the year to 30 June 2017 43,220,960 options were issued:

- 10 million free attaching options to sophisticated investors associated with a $500,000 capital raising;
- 17,220,960 free attaching options as part of the Company's rights issue and;
- 16 million options to as a fee with respect to a share placement and rights issue. These options were issued at a nil cost to the option holder and are exercisable at 11 cents on or before 30 June 2018. The following table sets out the assumptions made in determining the fair value of these options, which were estimated at the date of grant using the Black-Scholes model:

Expiry Date	31 May 2018
Grant Date	13 June 2017
Dividend yield	0%
Expected volatility	83%
Risk-free interest rate	1.75%
Option exercise price	$0.11
Expected life (years)	1 year
Share price on date of issue	$0.04

The 16 million options were ascribed a fair value of $46,400.

During the year to 30 June 2016 20,450,000 options were issued, 20,000,000 to advisors to the Company's prospectus issue, and 450,000 to creditors of Min – Trak Pty Ltd, a subsidiary of the Company. These options were issued at a price of $0.0001 each and are exercisable at 11 cents on or before 30 June 2018.

The following table sets out the assumptions made in determining the fair value of options granted during the year to 30 June 2016 which were estimated at the date of grant using the Black-Scholes model:

Expiry Date	31 May 2018
Grant Date	4 April 2016
Dividend yield	0%
Expected volatility	90%
Risk-free interest rate	2%
Option exercise price	$0.11
Expected life (years)	2.16
Share price on date of issue	$0.10

Performance Shares

On 31 March 2016 a total of 41,000,000 Performance Shares were issued, divided as follows:

(a) 8,000,000 (b) 12,000,000 (c) 16,000,000 (d) 2,000,000 (e) 2,000,000 (f) 1,000,000	a) Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users b) Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users c) Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users. d) Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding $75,000 per quarter for 2 consecutive quarters. e) Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding $375,000 per quarter for 2 consecutive quarters. f) Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding $750,000 per quarter for 2 consecutive quarters

*The Performance shares were initially valued at $Nil, as the probability of performance hurdles being met was assessed as less than probable on the date of acquisition and as at 30 June 2016. As at 30 June 2017, the above vesting conditions had not been met.

TIKFORCE LIMITED

Performance Rights

On 13 June 2017 a total of 12,000,000 Performance Rights were issued, with the following vesting conditions:

Number	Description	Ascribed fair value ($)
4,000,000	Class A Rights vesting upon the Company's market capitalisation exceeding $17 million within 5 years of the grant date;	168,000
4,000,000	Class B Rights vesting upon the Company's market capitalisation exceeding $25 million within 5 years of the grant date; and	148,000
4,000,000	Class C Rights vesting upon the Company's market capitalisation exceeding $33 million within 5 years of the grant date.	132,000
12,000,000	**Total Performance Rights**	**448,000**

The 12 million rights were valued using a Monte Carlo model, with the following assumptions:

	Class A	**Class B**	**Class C**
Expiry Period	5 years	5 years	5 years
Grant Date	13 June 2017	13 June 2017	13 June 2017
Dividend yield	Nil	Nil	Nil
Expected volatility	70%	70%	70%
Risk-free interest rate	2.2%	2.2%	2.2%
Exercise price	Nil	Nil	Nil
Expected life (years)	5	5	5
Vesting hurdle	$0.100	$0.145	$0.190
Share price on date of issue	$0.049	$0.049	$0.049

14 ACCUMULATED LOSSES

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Balance at beginning of year	(4,406,279)	17,693
Net (loss)	(3,332,106)	(4,423,972)
Balance at end of financial year	(7,738,385)	(4,406,279)

TIKFORCE LIMITED

15 INCOME TAX EXPENSE

The prima facie tax on loss before income tax is reconciled to income tax as follows:

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Loss before tax from continuing operations	(3,332,106)	(4,423,972)
Income tax benefit calculated at 30% (2016: 30%)	(999,632)	(1,260,832)
Effect of non-deductible expenditure when calculating taxable loss	1,144,297	1,079,913
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	(255)
Income tax benefit on tax losses not brought into account	(144,665)	181,174
Income tax attributable to operation loss	-	-
Unrecognised deferred tax balances	-	-
tax losses – revenue	-	-
Deductible temporary differences	-	140,894
Total un-recognised deferred tax assets	-	140,894

While no formal analysis has been conducted to date as to whether the Company satisfies tests allowing it to carry forward its taxation losses it is considered that a substantial part of these losses may not be capable of being carried forward. The taxation losses are only realisable if:

(i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be realised;
(ii) The Company continues to comply with the conditions for deductibility imposed by the law; and
(iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

16 RELATED PARTY DISCLOSURE

Particulars in relation to controlled entities

Controlled entities	Country of Incorporation	Financial Reporting Date	Interest held	
			2017	**2016**
			%	**%**
Tikforce Limited	Australia	30 June	100	100
Tikforce Operations Pty Ltd (2)	Australia	30 June	100	100
Min – Trak Pty Ltd (i)	Australia	30 June	100	100
Misto Nominees Pty Ltd (i)	Australia	30 June	100	100
John Minerals Pty Ltd (i)	Australia	30 June	100	100

- *(1) Subsidiary of Tikforce Ltd*
- *(2) Subsidiary of Misto Nominees Pty Ltd*

Director related entities
Mr Berzins is a director of Tikforce Ltd and Tikforce Operations Pty Ltd.

Tikforce Ltd has a loan payable balance of $82 (2016: $24,582) with Sealblue Investments Pty Ltd and $50,000 with Odin Energy Ltd (2016: $50,000) as at 30 June 2017, of which these companies, Mr Berzins is a director of.

During the year ended 30 June 2017 the Company incurred capital raising fees with Silikonrok Pty Ltd of $Nil (2016: $256,000), a company associated with Mr Baum, the Chief Executive Officer (Managing Director since 30 June 2017) of Tikforce Ltd.

Tikforce Ltd has a loan receivable balance of $30,252 (2016: $43,968) due from Silikonrok Pty Ltd as at 30 June 2017, a company associated with Mr Baum, the Chief Executive Officer (Managing Director since 30 June 2017) of Tikforce Ltd.

17 DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel

Peter Woods	Non-Executive Chairman – Appointed 13 April 2017
Ian Murie	Non-Executive Director– Resigned 30 June 2017
Roland Berzins	Non-Executive Director– Appointed 9 March 2015
Duncan Anderson	Non–Executive Director – Appointed 13 Aril 2017
Kevin Baum	Chief Executive Officer – Appointed 12 April 2016 Managing Director – Appointed 30 June 2017

Aggregate remuneration of key management personnel

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Salary and fees	485,500	137,987
Superannuation	29,687	-
Share based payments	-	57,963
Total	**514,687**	**185,950**

Granted and exercisable option holdings of directors and executives
During the reporting period, no options were granted to a director or executive as remuneration, and no options were exercised by a director or executive from options previously granted as remuneration.

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial instruments comprise cash, short-term deposits and receivables.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial liabilities such as trade payables, which arise directly from its operations. The main market risks arising from the Group's financial instruments are interest rate risk and liquidity risk.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Risk management

The Group's exposure to market risk, credit risk, liquidity risk and foreign currency risk and policies in regard to these risks are outlined below:

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 Group'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.

Credit Risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and trade receivables. The maximum exposure to credit risk at the reporting to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unnecessary losses or risking damage to the Group's reputation. The Group's objective is to maintain adequate resources by continuously monitoring forecast and actual cash flows and maturity profiles of assets and liabilities.

Interest rate risk
The Group does not have significant interest bearing borrowings and therefore exposure to interest rate risk is minimal. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash balances with floating interest rates.

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at the reporting date are as follows;

TIKFORCE LIMITED

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial Instrument	Fixed Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
(i) Financial assets								
Cash and cash equivalents	-	-	-	-	381,598	1,794,644	381,598	1,794,644
Trade and other receivables	-	-	-	-	604,316	151,469	604,316	151,469
Total financial assets		-		-	985,914	1,946,113	985,914	1,946,113
Weighted average interest rate	-	-	-	-	-	-	-	-
(ii) Financial liabilities								
Trade and other payables	-	-	-	-	339,832	875,550	339,832	875,550
Borrowings	-		-		106,096	-	106,096	
Total financial liabilities		-		-	445,928	875,550	445,928	875,550

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrated the effect on the current year results of an increase or decrease in the interest rates by 100 basis points would not be material to the group.

(a) Net fair values

The carrying amount approximates fair value for all financial assets and liabilities.

- **Foreign currency risk**

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

TIKFORCE LIMITED

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The group currently does not significantly operate internationally and has limited exposure to foreign exchange risk arising from various currency exposures, with very small transaction occurring in the USD. Carrying amounts for Parent and Australian subsidiaries are in Australian dollars so there is no day to day exposure to foreign exchange risk.

19 ACQUISITION OF CONTROLLED ENTITY

The group undertook no acquisitions during the year ended 30 June 2017.

Prior to the acquisition of Tikforce Operations Pty Ltd by Tikforce Limited (described below), Tikforce Operations Pty Ltd acquired Min-Trak Pty Ltd on 31 March 2016. The acquisition of Min-Trak was assessed by the Board and it was determined that the acquisition was an asset acquisition rather than a business combination as Min-Trak is not considered to meet the definition of a "business" under AASB 3 *Business Combinations* (AASB 3).

	2016 $
Consideration:	
Ordinary Shares (i)	900,000
	900,000
Fair value of assets acquired:	
Intangible assets (Note 8)	963,625
Borrowings	(63,625)
	900,000

(i) 9,000,000 shares were issued at a fair value of $0.10 per share.

Subsequent to the above, Tikforce Limited acquired Tikforce Operations Pty Ltd. The acquisition of Tikforce Operations Pty Ltd (the legal subsidiary) by TIkforce Limited (the legal parent), via the acquisition of special purpose vehicle Misto Pty Ltd, has been deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of Tikforce Operations Pty Ltd as a group obtained the largest portion of the voting rights in the combined entity.

Tikforce Limited was not considered to meet the definition of a business under AASB 3 and, as such, it was concluded that the acquisition of Tikforce Operations Pty Ltd could not be accounted for in accordance with AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature, the acquisition was accounted for in the consolidated financial statements of the legal acquirer (Tikforce Limited) as a continuation of the financial statements of the legal acquire that obtained the largest portion of the voting rights in the combined entity (Tikforce Operations Pty Ltd), together with a share based payment measured in accordance with AASB 2 *Share Based Payments*, which represented a deemed issue of the shares by the legal acquiree (Tikforce Operations Pty Ltd), equivalent to the shareholder interests in the Tikforce Limited on acquisition date. The excess value of the share based paymens over the net assets of the Company as at the date of transaction was expensed to the Statement of Profit or Loss and Other Comprehensive Income as a listing fee as outlined below:

TIKFORCE LIMITED

	2016
	$
Consideration:	
Ordinary Shares (i)	1,192,923
	1,192,923
Fair value of assets acquired:	
Cash and cash equivalents	4,551,833
Trade and other receivables	784,903
Financial assets	3,946
Other assets	385,206
Trade and other payables	(1,277,937)
Financial liabilities	(499,723)
Funds in advance	(4,470,614)
Convertible notes	(967,500)
	(1,489,886)
Listing fee	2,682,809

(i) As there was no current market for Tikforce Operations Pty Ltd shares, the fair value of 100% of TikForce Limited was assessed at $1,192,923 based on 11,929,229 shares at a share price of $0.10 immediately prior to the acquisition.

20 AUDITORS' REMUNERATION

	CONSOLIDATED	
	2017	**2016**
	$	**$**
Audits or review of the financial report of the entity and any other entity in the consolidated group		
- Somes Cooke	-	8,000
- Greenwich & Co Audit Pty Ltd	32,200	20,000
	32,200	28,000

The auditor and its associated entities received or are due to receive the following amounts for the provision of non-audit services:

	CONSOLIDATED	
	2017	**2016**
	$	**$**
- Taxation services	34,840	-
- Investigating accountants reports	-	12,650
Total non-audit services	32,200	12,650

21 COMMITMENTS AND CONTINGENCIES

(i) Operating lease commitments
The Group had no future non-cancellable operating lease liabilities at 30 June 2017 (2016: nil).

(ii) Contingent liabilities
On 16 February 2015, Tikforce entered into an Identity Service Master Agreement with Australian Postal Corporation (Australia Post) under which Australia Post would act as an agent for Tikforce for the principal purpose of conducting identity checks on individuals to confirm certain credentials, In this capacity, Australia Post would process the data into the Tikforce platform and collect and receive monies payable by customers on behalf of Tikforce. Australia Post would charge Tikforce a transaction fee for the initial transaction, an establishment and set up fee, a management fee and minimum fee based on annual volume.

Tikforce and Australia Post were in dispute as too the level of competency and completion of actions undertaken and completed by Australia Post and the level of payment that such an application is entitled to.

On or about 20 December 2016, Australia Post and Tikforce agreed to settle the dispute, and release each party from all claims that they may have had against the each other arising out of the dispute on the terms contained in a specified Deed of release.

In consideration of the settlement, both Parties hereby jointly and severally releases, discharges and forever holds harmless the other Party and its officers, servants and agents for all claims and liabilities of any nature (including but without limitation all claims for any legal or other costs, and any direct or indirect or consequential loss or loss of profits or any other loss howsoever caused) now existing or which might arise but for this document, in respect of, relating to, connected with or incidental to the Claim.

Australia Post and Tikforce agreed to settle the Claim, and release the Complainant from all claims that Australia Post may have had against the Complainant arising out of the Claim on the terms contained in this Deed

The Group had no contingent liabilities as at 30 June 2017.

22 EVENTS AFTER THE REPORTING DATE

Subsequent to financial year end, the Company announced on the ASX that:

- The Company conducted trials within the JobActive network in support of job seekers and the service providers. The product developed will provide jobseekers with a digital credential vault, which could be accessed via multiple devices (smartphone, laptop, tablet, pc), along with an encrypted smartcard option.

- The Company committed to an exclusive, two-year commercial agreement with AngloGold Ashanti Australia Ltd, whereby the Company will fully manage the verification pre-qualification service to contractors engaged on AngloGold Ashanti projects in Australia, initially being the Tropicana and Sunrise Dam operations.

Subsequent to financial year end, the Company received the Research and Development tax incentive for the financial year ending 30 June 2017 of $513,572. The Company announced on the ASX that the claim relates to a range of technical development activities associated with further advancement and extension of the TikForce platform and the received funds will be applied to the continuation of support for the Company's ongoing operational rollout and the expansion of the recently announced Enterprise Vendor Supply Chain, thereby offering further opportunities for existing clients and new clients.

Directors' Declaration

In accordance with a resolution of the directors of Tikforce Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2017 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and *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.

(c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Roland Berzins
Director
29th September 2017

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 35 Outram Street, West Perth WA 6005
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Independent Audit Report to the members of TikForce Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of TikForce Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 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 Group 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.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that during the year ended 30 June 2017, the Group incurred a net loss after tax of $3,332,106 and cash outflows from operating activities of $3,358,159. As at 30 June 2017, the Group had cash and cash equivalents of $381,598.

As a result there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determine the matter described below to be a key audit matter to be communicated in our report.

Capitalised development costs

Refer to Note 8, Intangible Assets and accounting policy Notes 1(k),1(n) and 1(o)

Key Audit Matter	How our audit addressed the matter
The Group has previously capitalised costs relating to internally developed software and has capitalised intellectual property acquired on acquisition of Min-Trak Pty Ltd in March 2016 We focused on this area as a key audit matter due to the significance of the asset balance to the Group's consolidated statement of financial position and due to judgement involved in: - The Group's assessment of the carrying value as at 30 June 2017 for impairment; and - The Group's assessment of the economic useful life of the products developed	Our audit work included, but was not restricted to, the following: • Assessing the nature of projects deemed by management to be capital in nature and evaluating these against the requirements of AASB 138 Intangible Assets; • Reviewing and challenging management's assumptions and analysing their assessment as to whether impairment indicators exist in relation to the capitalised software costs; and • Assessing the amortisation period established and comparing to revenue forecast prepared by management and benchmarking against similar companies in the industry; and • Assessing and challenging management's assessment of the carrying value of intangibles as at 30 June 2017 and the impairment charge for the year then ended.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, but does not include the financial report and our 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 on the other information obtained prior to the date of this auditor's report, 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 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 Group's ability 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 Group 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the period ended 30 June 2017. The directors of the TikForce Limited 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of TikForce Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Greenwich Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

29 September 2017
Perth

Additional Shareholders Information

Additional information required by the Australian Stock Exchange (ASX) listing rules are set out below.

1. Equity Security Holders - Current as at 21 September 2017

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

Ordinary Shares

Ranking	Name	Shares Held	% of total shares
1	SILIKONROK PTY LTD	14,178,750	8.33
2	KILO DELTA PTY LTD <BAUMSTEIN FAMILY A/C>	11,628,168	6.83
3	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	8,488,505	4.99
4	UBS NOMINEES PTY LTD	6,250,000	3.67
5	RICHSHAM NOMINEES PTY LTD	6,066,222	3.56
6	MR BRIAN PETER BYASS	5,217,135	3.07
7	JASON BRENT SMITH + DANIELLE ALANA SMITH	4,950,000	2.91
8	MR DAVID CHARLES NEESHAM + MRS PAMELA CHRISTINE NEESHAM <DC & PC NEESHAM SUPER A/C>	4,576,470	2.69
9	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	4,500,000	2.64
10	SEEFELD INVESTMENT PTY LTD	4,156,250	2.44
11	MR ANTHONY MICHAEL MALYNIAK <EJM A/C>	3,246,546	1.91
12	EZR SYSTEMS PTY LTD	3,165,000	1.86
13	CITYSIDE INVESTMENTS PTY LTD	2,500,000	1.47
14	VALPLAN PTY LTD <TROY R VALENTINE FAM S/F A/C>	2,400,000	1.41
15	MS MERLE SMITH + MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	2,250,000	1.32
16	GUINA NOMINEES PTY LTD <THE BYASS SUPER FUND A/C>	2,250,000	1.32
17	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/F A/C>	2,000,000	1.18
18	SCINTILLA STRATEGIC INVESTMENTS LIMITED	2,000,000	1.18
19	ALIGNMENT CAPITAL PTY LTD	2,000,000	1.18

TIKFORCE LIMITED

20	MR JAMES OWEN STROGUSZ + MRS MALGORZATA STROGUSZ	1,923,711	1.13
Total of top 20 Shareholders		**93,746,757**	**55.08**

**Options - **Current as at 21 September 2017

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

Ranking	Name	Options Held	% of total shares
1	AAG MANAGEMENT PTY LTD	20,000,000	31.41
2	FIRST INVESTMENT PARTNERS PTY LTD	3,668,750	8.49
3	RICHSHAM NOMINEES PTY LTD	2,700,000	6.25
4	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	2,600,000	6.02
5	EZR SYSTEMS PTY LTD	2,419,873	5.6
6	CITYSIDE INVESTMENTS PTY LTD	2,319,872	5.37
7	ALIGNMENT CAPITAL PTY LTD	1,437,500	3.33
8	CPS CAPITAL GROUP PTY LTD	1,200,000	2.78
9	MR OON TIAN YEOH + MRS ELZBIETA HELENA YEOH	1,079,134	2.5
10	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	1,057,500	2.45
11	WESTERN OVAL PTY LTD <WESTERN OVAL A/C>	1,000,000	2.31
12	WILLOWDALE HOLDINGS PTY LTD	1,000,000	2.31
13	MR FREDERICK RICHARD HAINSWORTH	1,000,000	2.31
14	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	866,666	2.01
15	EMILY MUNRO	856,051	1.98
16	MOONCOW PTY LTD <MOONCOW DISCRETIONARY A/C>	800,000	1.85
17	YEOH SUPER PTY LTD <YEOH SUPER A/C>	786,000	1.82
18	MR JAMES OWEN STROGUSZ + MRS MALGORZATA STROGUSZ	750,000	1.74

19	MR DAVID RICHARD HAINSWORTH	700,000	1.62
20	UBS NOMINEES PTY LTD	625,000	1.45
		46,866,346	**73.61**

2. Substantial Shareholders (Current as at 21 September 2017)

Substantial holders of equity securities in the Company are set out below.

Name	Shares held	% of total shares
Silikonroc Pty Ltd	14,178,750	8.33
Kilodelta Pty Ltd	11,626,168	6.83

3. Distribution of Equity Securities (Current as at 21 / 09 / 2017)

Analysis of numbers of equity security holders by size of holdings:

Class of Security **– Ordinary Shares**

Holding Range	Number of shareholders	Number of shares	%age of Securities issued
1 – 1,000	411	108,741	0.06%
1,001 – 5,000	102	276,034	0.16%
5,001 – 10,000	55	459,828	0.27%
10,001 – 100,000	214	9,421,231	5.54%
100,001 and over	171	159,943,621	93.97%
Total	**953**	**170,209,455**	**100%**

Class of Security **– Listed Options**

Holding Range	Number of option - holders	Number of option	%age of Securities issued
1 – 1,000	38	9,475	0.01%
1,001 – 5,000	23	57,282	0.09%
5,001 – 10,000	7	50,225	0.08%
10,001 – 100,000	44	2,152,503	3.38%
100,001 and over	71	61,401,475	96.44%
Total	**183**	**63,670,960**	**100.00%**

Enquiries

Shareholders with any enquiries about any aspect of their shareholding should contact the Consolidated Entity's share register as follows:

Advanced Share Registry Services Pty Ltd

TIKFORCE LIMITED

Tel: +61 8 9389 8033
Fax: +61 8 9389 7871
Web: www.advancedshare.com.au

Electronic Announcements and Report;

Shareholders', who wish to receive announcements made to the ASX, as well as electronic copies of the Annual Report and Half Yearly Report, are invited to provide their e mail address to the Company. This can be done in writing to the Company Secretary.

Removal from the Printed Annual Report mailing list

Shareholders who do not wish to receive the Annual report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

Change of name / address

Shareholders who are Issue Sponsored should advise the Share registry promptly of any changes of name and / or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the share Registry website or obtained by contacting the Share registry.

Shareholders who are in CHESS and Brokered Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and / or address.

In the case of a name change, the written advice must be supported by documentary evidence.

Consolidation of Shareholdings

Shareholders who wish to consolidate their separate shareholdings into one account should write to the Share Registry or their sponsoring broker, whichever is applicable.

Stock Exchange Listing

The Consolidated Entity's shares are listed on the ASX. Details of share transactions and prices published in the financial papers of the daily capital city newspapers under the code TKF and TKFOC.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights. Performance Shares and Performance Rights do not carry any voting rights.

Registered Office

The registered office of the Consolidated Entity is:	Tikforce Limited Suite 7A, 435 Roberts Rd Subiaco WA 6008
Telephone:	+61 1800 732 543
Fax	+61 8 9486 1011
Website	www.tikforce.com
Company Secretary:	Roland Berzins