

31 August 2018

ASX Appendix 4E (rule 4.3A)

Preliminary final report for the year ended 30 June 2018

Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2018
 Previous Corresponding Period: 30 June 2017

Results for announcement to the market

(All comparisons to year ended 30 June 2017)

	\$A'000	Up/Down	% Movement
Revenue from ordinary activities	422	up	138%
Revenue from ordinary activities excluding interest income	422	up	138%
Loss from ordinary activities after tax	(3,617)	up	8.5%
Loss attributable to members	(3,617)	up	8.5%

Dividends	Amount per share	Franked amount per share
Interim dividend	N/A	N/A
Final dividend	N/A	N/A

Record date for determining entitlements to dividends	N/A
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Brief explanation of any figures reported above necessary to enable the figures to be understood

Refer to the accompanying separate ASX lodgment Review of Financial Results and Operations

Net tangible assets backing	30 June 2018	30 June 2017
Net tangible assets/(liability) per security	(0.83) cents	0.40 cents
Net asset backing per security	(0.83) cents	0.69 cents

Control gained or lost over entities having material effect

Nil

Material interest in entities which are not controlled entities

Nil

Compliance Statement

The preliminary final report has been prepared based on the 30 June 2018 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. Preliminary Final Financial Report



Signed: _____
Kevin Baum
Managing Director

Date: 31st August 2018



TIKFORCE LIMITED

ABN 74 106 240 475

**UNAUDITED PRELIMINARY FINAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

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ICOLLEGE LIMITED

CORPORATE DIRECTORY

Directors

Mr Duncan Anderson – Non-Executive Chairman

Mr Kevin Baum - Managing Director

Mr Andrew Houtas – Non-Executive Director
(Resigned 20 August 2018)

Mr Stuart Usher – Non-Executive Director
(Appointed 20 August 2018)

Home Stock Exchange

Australian Securities Exchange Limited
Level 40
Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code:
TKF (Ordinary Shares)

Company Secretary

Mr Stuart Usher

Auditor

Greenwich & Co Audit Pty Ltd
Level 2, 35 Outram Street
West Perth WA 6005

**Registered Office and
Principal Place of Business**

Suite 7A
435 Roberts Road
SUBIACO WA 6008

Telephone: 1800 732 543
Facsimile: + 61 8 9429 1011

Bankers

Commonwealth Bank Limited
Ground Floor, 50 St Georges Terrace
PERTH WA 6000

Solicitors

Nova Legal
Level 2
50 Kings Park Road
West Perth WA 6005

Share Registry

Advanced Share Registry Ltd
150 Stirling Highway
Nedlands WA 6009

TIKFORCE LIMITED

DIRECTORS REPORT

PRINCIPAL ACTIVITIES

Tikforce Ltd, through its wholly owned subsidiary Tikforce Operations Pty Ltd, has continued to develop the Tikforce Platform, which is a suite of software applications and IT systems to support the changing labour market. The platform enables potential workers to create a profile with validated credentials that they can share with or link to prospective employers. It also provides employers or organisations, seeking to engage workers, the ability to digitally review proof of identity, and confirm the qualifications, skills and employment documents of workers, thereby ensuring a review of relevant credentials and compliance for both employees and employers are appropriate for their required role and duties.

REVIEW OF OPERATIONS AND RESULTS

The Company recorded a loss after tax for the year ended 30 June 2018 of \$3,616,762 (2017: \$3,332,106).

During the year the company focused on implementing required platform features with new clients including Anglo Ashanti Gold and Iluka Resources. The process has been slow as the larger clients go through an extensive diligence and validation process. Tikforce has invested extensive resources to enable it to provide a product offering that matches the customers requirements. In the case of Iluka, over 750 individuals across dozens of supplier companies have now been verified by the Tikforce Platform and this continues to grow. These are reported statistics for the month of August up to the date of this report.

Another existing client, Anglo Gold will start to deliver growing transaction volumes after concluding an extended period of testing and user driven customisation to meet Anglo's specific needs. These enhancements have improved the platform substantially to allow the system to service the demanding requirements for shut down and maintenance workforce onboarding.

Revenues from sales increased 138% to \$421,689 for the year ended 30 June 2018 (2017: \$177,493). Whilst this result is disappointing, the company has had its challenges in working with clients to roll the platform out. Considerable resources were deployed to work with prospective clients across a wide range of businesses to work with them to assist, identify and resolve primary process workflow issues and resulting feature enhancements that would need fixing before the Tikforce platform could be implemented and rolled-out. This has come at a cost to the company due to the extensive time involved in focusing on its clients systems to integrate the platform, resulting in delayed revenues and increased costs of customer engagement.

To part fund the operations during the year, convertible notes were issued in November 2017 for a total of \$750,000. The convertible notes were fully repaid with interest of \$150,000 by 30 June 2018, which had to be partly funded by additional convertible notes totalling \$2,000,000 in March. A share placement was also completed in January raising \$150,000 and a rights issue entitlement in February which raised \$205,000.

The company received a S203D and 249F notice in March from a group of shareholders representing Alignment Capital Pty Ltd (Alignment), being the corporate adviser that the company had been previously engaged with. Their intention to remove two directors from the board and the appointment of their nominated directors.

Subsequently in April, Alignment proceeded with legal proceedings against the company in the Supreme Court of Western Australia, alleging a breach of the mandate agreement it had with the company dated 19 October 2017, (refer to ASX announcement 16 April 2018).

The company has disputed all claims and is in the process of defending the proceedings. The S203D and 249F notices were retracted on 1 June only to be replaced on 26 June with another S249D notice from Alignment, requesting the same removal of two directors and replacement by two new directors nominated by them. On 3 July the company received a further notice under S203D and 249CA of the corporations act from its Managing Director Kevin Baum requesting the removal of Andrew Houtas and the appointment of Stuart Usher as a director.

The shareholder meeting was held on 20 August, with the Chairman calling for a poll. The Alignment resolutions being voted down by proxies representing over 51% of the total issued share capital. In addition, Andrew Houtas was removed with the appointment of Stuart Usher as a director.

Considerable reputational damage and disruption to operations have been experienced for over 6 months as a result of this, as the company endeavours to secure and hold onto its existing client base. The result has been a delay in revenues and customer roll-out of the platform. The audit report is likely to contain an emphasis of matter to describe the market uncertainty related to the going concern, based on current losses and cashflows from operating activities.

For the six month financial period ending 31 December 2017, the directors reviewed the intangible assets of the company in light of its financial performance and determined it appropriate to impair the carrying values of research and development costs and intellectual property to nil, resulting in an impairment expense of \$1,078,300 for the year.

Subsequent to year end the company received a research and development tax rebate of \$455,103, which has been recorded as accrued revenue in the financial period ended 30 June 2018.

TIKFORCE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenues			
Sales revenue		421,689	177,493
Research & Development tax incentives		455,103	860,707
Net gain arising on financial liabilities		707,334	-
Interest income		939	70
Total income		<u>1,585,065</u>	<u>1,038,270</u>
Expenses			
Employee benefits expense		1,793,475	1,819,915
Consulting expenses		442,750	280,969
Compliance and regulatory		100,930	252,147
Impairment expense		1,078,300	452,647
Amortisation expense		69,093	396,729
Development costs written off		-	173,492
Directors fees		104,500	101,484
Travel and accommodation expenses		69,150	48,924
Occupancy expenses		190,151	136,992
Financial expenses		854,867	6,340
Computer maintenance and licence fees		200,729	245,473
Other expenses		<u>297,883</u>	<u>455,264</u>
Total expenses		<u>(5,201,827)</u>	<u>(4,370,376)</u>
Loss before income tax		<u>(3,616,762)</u>	<u>(3,332,106)</u>
Income tax		-	-
Other comprehensive income		-	-
Total comprehensive loss attributable to members of Tikforce Limited		<u>(3,616,762)</u>	<u>(3,332,106)</u>
Earnings/(loss) per share			
Basic Loss per share		Cents per Share (2.01)	Cents per Share (2.50)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

TIKFORCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		212,894	381,598
Trade and other receivables		525,821	604,316
Other assets		121,636	44,224
Total Current Assets		860,351	1,030,138
Non-Current Assets			
Other receivables		-	189,289
Property, plant & equipment		-	14,802
Intangible assets		65,849	1,195,896
Total Non-Current Assets		65,849	1,399,987
Total Assets		926,200	2,430,125
LIABILITIES			
Current Liabilities			
Trade and other payables	2	772,350	339,832
Borrowings		1,663,605	106,096
Provisions		35,729	97,332
Other liabilities		-	5,375
Total Current Liabilities		2,471,684	548,635
Total Liabilities		2,471,684	548,635
Net Assets/(Deficiency)		(1,545,484)	1,881,490
Equity			
Issued capital		8,359,218	8,169,430
Reserves		1,450,445	1,450,445
Accumulated losses		(11,355,147)	(7,738,385)
Total Equity		(1,545,484)	1,881,490

The Consolidated Statement of Financial Position should be read in conjunction
with the notes to the financial statements.

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

Note	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Cash flows from operating activities		
Receipts from customers	689,473	49,109
Research & Development Tax Incentive	513,827	346,955
Interest received	939	70
Interest paid	(260,616)	(6,340)
Payments to suppliers and employees	(3,196,019)	(3,747,953)
Net cash flows used in operating activities	<u>(2,252,396)</u>	<u>(3,358,159)</u>
Cash flows from investing activities		
Payments to suppliers and employees - IP	-	(6,328)
Payments for plant and equipment	-	(11,652)
Net cash flows used in investing activities	<u>-</u>	<u>(17,980)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,750,000	-
Repayment of borrowings	(856,096)	-
Proceeds from issue of shares and options	355,000	2,222,094
Payment of share issue costs	(165,212)	(259,001)
Net cash flows provided by financing activities	<u>2,083,692</u>	<u>1,963,093</u>
Net increase in cash and cash equivalents held	(168,704)	(1,413,046)
Add opening cash and cash equivalents brought forward	381,598	1,794,644
Closing cash and cash equivalents carried forward	<u><u>212,894</u></u>	<u><u>381,598</u></u>

The Consolidated Statement of Cash Flows should be read in conjunction
with the notes to the financial statements.

ICOLLEGE LIMITED
TIKFORCE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2017	8,169,430	(7,738,385)	1,450,445	1,881,490
Total comprehensive loss for the period		(3,616,762)	-	(3,617,403)
Transactions with owners in their capacity as owners:				
Issue of share capital	354,850	-	-	354,850
Share based payment		-	-	-
Shares issued in lieu of services		-	-	-
Costs of capital raising	(165,062)	-	-	-
At 30 June 2018	8,359,218	(11,355,147)	1,450,445	1,545,484
At 1 July 2016	6,700,737	(4,406,279)	956,045	3,250,503
Adjustment to share capital				
Total comprehensive loss for the period	-	(3,332,106)	-	(3,332,106)
Transactions with owners in their capacity as owners:				
Issue of share capital	2,622,095	-	-	2,622,095
Costs of capital raising	(1,153,402)	-	494,400	(659,002)
At 30 June 2017	8,169,430	(7,738,385)	1,450,445	1,881,490

The Consolidated Statement of Changes in Equity should be read in conjunction
with the notes to the financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E

This general purpose condensed financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Tikforce Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report covers Tikforce Limited and controlled entities ("the Consolidated Entity"). Tikforce Limited is a Company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

The financial statements are presented in Australian dollars and have been prepared under the historical cost convention. The financial statements of the Consolidated Entity also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial information in this report does not include all the notes of the type normally included within the annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial reports.

Therefore it is recommended that this report should be read in conjunction with the annual financial reports for the year ended 30 June 2018, when it becomes available, and be considered together with any public announcements made by Tikforce Limited during the year ended 30 June 2018 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

2. AUDIT STATUS

This report is based on accounts that are in the process of being audited. The audit report is likely to contain an emphasis of matter to describe the market uncertainty related to going concern, based on current losses and cashflows from operating activities.