Tikforce Limited

FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2019

ABN: 74 106 240 475

Contents

Corporate Directory

Directors

Kevin Michael Baum	Managing Director
Stuart Usher	Non-Executive Director
Gianmarco Orgnoni	Non-Executive Director

Company Secretary
Stuart Usher

Registered Office and Principal Place of Business
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ACN 106 240 475
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50 Kings Park Road
16 Milligan Street
Perth WA 6000

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

Auditors
Criterion Audit Pty Ltd
PO Box 2138
Subiaco WA 6904

Stock exchange listing

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

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 2019.

Directors

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

Kevin Baum	Managing Director
Stuart Usher	Non-Executive Director (Appointed 20 August 2018)
Gianmarco Orgnoni	Non-Executive Director (Appointed 3 December 2018)
Duncan Anderson	Non – Executive Chairman (Resigned 3 December 2018)
Andrew Houtas	Non-Executive Director (Resigned 20 August 2018)

Principal Activity

During the period, the principal activity of the Group consisted of developing a suite of software applications and IT systems to support validating credentials for both potential employees and suppliers. During the period the company executed a global software licence agreement that licenced the intellectual property rights owned by the Group. At a shareholder meeting held on 2 November 2018 and again on 27 June at the request of the ASX, shareholder approval was received to dispose of its main undertaking to the Licensee. The sale was completed during the period, with the Company actively and pursuing other business opportunities.

Operating Results

The net loss attributable to members of the parent entity for the period ended 30 June 2019 amounted to $1,642,390 (2018: Loss $3,628,135).

Review of Operations

Total revenues from continuing operations were $350,010 including the sale proceeds from the sale of the Tikforce business of $350,000 (2018: $3,628,135)

After deducting total expenses from continuing operations of $1,632,596, the Company recorded a loss for the period of $1,282,586 (2018: Loss $1,080,867). The total loss for the period including losses from discontinued operations is $1,642,390 (2018: Loss $3,628,135).

Total negative equity was $3,061,881 with total assets of $54,131 and liabilities of $3,116,012. At 30 June 2018, equity was negative $1,553,969. At 30 June 2018 there was $783,330 in assets and $2,337,299 in liabilities.

During the year, the company generated net proceeds from financing activities of $163,926 of which 118,477 was from the issuance of shares less transactions costs.

Net cash used in operating activities was $724,581 compared to $2,252,726 in the same period in the prior year. This includes cash receipts of $684,653 of which $227,732 was cash received from customers with the remainder coming from $1,893 of interest received and $455,028 of research and development rebates. For the same period prior year, cash receipts were $1,203,968 of which $689,202 were from customers, $939 was interest received and $513,827 of research and development rebates. Since the sale of the business, the company has been dormant with the board searching for other business opportunities.

Net cash provided by investing activities represented the actual sale proceeds received from the sale of the Tikforce business.

Financial position

The net assets of the consolidated group have decreased by $ 1,507,912 from a net asset deficiency of $1,553,969 on 30 June 2018 to a net asset deficiency of $3,061,881 as at 30 June 2019. This decrease was largely due to an increase in borrowings and sale of the Tikforce business.

Significant changes in the state of Affairs

Apart from the sale of the Tikforce business, no significant changes in the state of affairs of the group occurred during the 30 June 2019 financial year.

Litigation

As at the date of this report, the legal proceedings that were commenced in the Supreme Court of Western Australia, as announced on 16 April 2018, remain dormant with no further proceedings progressed by the plaintiff.

The Plaintiff, Alignment Capital Pty Ltd is alleging a breach by Tikforce Ltd of a mandate agreement between the parties dated 19 October 2017 and varied on 17 November 2017.

The alleged breaches of the mandate agreement include breach of contract, proposed capital raising, issue of options, non-reduction in CEO salary, acceptance of new funding, failure of obtaining independent research note and failure to commit to roadshows. The claim for the alleged breaches include issue of options and fees under the mandate. Alignment is alleging an entitlement to damages, interest at the rate of 6% per annum from the date such damages were incurred and costs. The claim has not been quantified by Alignment as the litigation is too early to quantify the potential damages.

Tikforce disputes Alignment's claims in full and will defend the proceedings.

The Directors are not aware of any other legal proceedings pending or threatened against the Company.

Events after the Reporting Date

No matters or circumstances has arisen since 30 June 2019 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

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

Kevin Michael Baum	**Managing Director**
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	11,840,668 Fully Paid Ordinary Shares 3,080,000 Class A Performance Shares 4,620,000 Class B Performance Shares 6,160,000 Class C Performance Shares

Stuart Usher	**Non – Executive director and company secretary (Appointed 20 August 2018)**
Qualifications	B.Bus, MBA, CPA, AGIA, ACIS
Experience	Mr Usher is a CPA and Chartered Company Secretary with 25 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.
Interests in shares and Options	Nil ordinary shares and nil options
Other current directorships	Nil
Other former directorships in the last three years.	Nil

Gianmarco Orgnoni	**Non-Executive Director (Appointed 3 December 2018)**
Qualifications	B. Econ
Experience	Mr Orgnoni has skills extending across corporate finance, investment banking and research analysis. He has gained extensive experience working across the private and public sectors, in particular offering corporate advisory services and corporate finance analysis for various private and publicly listed companies. He has provided key strategic advice across several M&A transactions, RTOs and IPOs locally and abroad. With significant commercial experience across European and Australian private and capital markets, he has worked closely with and has provided adversarial services to a number of companies spanning from civil engineering, education, technology, bio technology and real estate. Mr Orgnoni holds a Bachelor Degree in Economics and Business Administration from the Catholic University of the Sacred Heart of Milan, Italy.
Interests in shares and Options	Nil ordinary shares and nil options
Other current directorships	Non-executive Director Servtech Global Holdings Ltd (ASX:SVT)
Other former directorships in the last three years.	Nil

Directors that have resigned during the period

Andrew Houtas	**Non-Executive Director (Resigned 20 august 2018)**
Qualifications	CPA
Experience	Mr Houtas is a Chartered Accountant and is in public practice. He has experience across a range of industries and has expertise in accounting, compliance, operations, risk management and project management.

Other current directorships	Nil
Other former directorships in the last three years.	Nil
Interests in shares and Options	Nil ordinary shares and nil options
Duncan Anderson	**Non - Executive Chairman (Resigned 3 December 2018)**
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

Meetings of Directors

During the financial year, 6 meetings of directors (including circular resolutions) were held. Attendances were:

Director	Number of meetings attended	Number of meetings eligible to attend
K Baum	6	6
S Usher (Appointed 20 Aug-18)	5	5
G Orgnoni (Appointed 3 Dec-18)	3	3
A Houtas (Resigned 20 Aug-18)	-	1
D Anderson (Resigned 3 Dec-19)	3	3

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 October 2017	31 October 2020	$0.03	16,828,341

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

With the disposal of the Company's main undertaking and restructure of the company to reduce all costs, it is being negotiated with Mr Baum to replace his employment contract as CEO and replace it with an Executive director service agreement on the basis of $4,000 per month. This agreement will be retrospectively dated 1 July 2018. All remuneration paid and payable during the period has been actioned on this basis. All other conditions are the same as the Non-executive director agreements detailed below.

Mr Baum's remuneration under the previous contract was as follows – Salary of A$300,000 (or such amount as may be the then "Reviewed Remuneration amount") on an annual basis. Mr Kevin Baum was 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

The key terms of the Non-Executive Director letters of appointment are as follows:

- Term of agreement – ongoing subject to annual review.
- Directors' Fees – The payment of $4,000 per month.
- There is no notice period stipulated to terminate the contract by either party however may be automatically ceased at the end of a meeting at which the director is not re-elected as a director by the shareholders of the Company; or otherwise ceases in accordance with the Constitution.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

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 2019

Directors	**Directors fees**	**Salary and consulting fees**	**Super-annuation**	**Sub total**	**Share based payments**	**Total**	**Share based payments as a proportion %**
	$	**$**	**$**	**$**	**$**	**$**	
Non - Executives							
S Usher (Appointed 20-Aug 18)	40,000	48,000	-	88,000	-	88,000	-
G Orgnoni (Appointed 3-Dec 18)	28,000	-	-	28,000	-	28,000	-
D Anderson (Resigned 3 Dec 18	32,850	-	-	32,350	-	32,350	-
A Houtas (Resigned 20-Aug 18)	6,000	-	-	6,000	-	6,000	-
Total	106,850	48,000	-	154,850	-	154,850	

Remuneration of directors and executives:

For the year ended 30 June 2019 (Continued)

Executives	Directors fees $	Salary and fees $	Super-annuation $	Sub total $	Share based payments $	Total $	Share based payments as a proportion %
K Baum Managing Director	66,000	-	-	66,000	-	66,000	-
	66,000	-		66,000	-	66,000	

	Directors fees $	Salary and fees $	Super-annuation $	Sub total $	Share based payments $	Total $	Share based payments as a proportion %
Total KMP	172,850	48,000	-	220,850	-	220,850	

For the year ended 30 June 2018

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	49,650	-	-	49,650	-	49,650	Nil
A Houtas (Appointed 28-Nov-17)	22,500	-	-	22,500	-	22,500	Nil
R. Berzins (Resigned 28-Nov-17)	16,500	-	-	16,500	-	16,500	Nil
Total	88,650	-	-	88,650		88,650	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	-	256,333	21,216	277,549	-	277,549	Nil
	-	256,333	21,216	277,549	-	277,549	Nil

	Directors fees $	Salary and fees $	Super-annuation $	Sub total $	Share based payments $	Total $	Share based payments as a proportion %
Total KMP	88,650	256,333	21,216	366,199	-	366,199	Nil

(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 - 2019	Balance 01/07/2018 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 30/06/19 or date of resignation
Duncan Anderson (Resigned 3-Dec 18)	-	-	-	-	-
Kevin Baum – Managing Director	**11,840,668**	-	-	-	**11,840,668**
Stuart Usher – Non Executive Director (Appointed 20-Aug 18)	-	-	-	-	-
Gianmarco Orgnoni (Appointed 3-Dec 2018)	-	-	-	-	-
Andrew Houtas – Non Executive Director (Resigned 20-Aug 18)	-	-	-	-	-
Total	**11,840,668**	-	-	-	**11,840,668**

(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.

2019	Balance 01/07/2018 or at date of appointment	Acquired	Exercised	Lapsed	Other changes during the year	Balance 30/06/19 or date of resignation
Duncan Anderson – Non Executive Chairman (Resigned 3-Dec 18)	-	-	-	-	-	-
Kevin Baum – Managing Director	-	-	-	-	-	-
Stuart Usher – Non Executive Director (Appointed 20-Aug 18)	-	-	-	-	-	-
Gianmarco Orgnoni – Non Executive Director (Appointed 3-Dec 2018)	-	-	-	-	-	-
Andrew Houtas – Non Executive Director (Resigned 20-Aug 18)	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

(iii) Performance shares

2019	Balance 01/07/2018 or at date of appointment	Granted Details	Exercised	Lapsed	Balance at 30/06/19 or date of resignation
Duncan Anderson – Non Executive Chairman (Resigned 3-Dec 18)	-	-	-	-	-
Kevin Baum – Managing Director [1]	13,860,000	-	-	-	13,860,000
Stuart Usher – Non Executive Director (Appointed 20-Aug 18)	-	-	-	-	-
Gianmarco Orgnoni – Non Executive Director (Appointed 3-Dec 2018)	-	-	-	-	-
Andrew Houtas – Non Executive Director (Resigned 20-Aug 18))	-	-	-	-	-
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.

Upon the sale of the Tikforce business being sold, it has been agreed by the board to proceed for shareholders to approve the cancellation of all performance shares at the 2019 Annual General Meeting.

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

Other Transactions with Key Management Personnel

Some Directors of the Consolidated Entity hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	**Nature of transactions**	**Key Management Personnel**	**Total Transactions**		**Payable Balance**	
			2019	**2018**	**2019**	**2018**
			$	**$**	**$**	**$**
Group Note Holdings Pty Ltd	Holding Investment company	Gianmarco Orgnoni	23,900[(1)]	-	-	-

[(1)] Interest received on convertible notes placed with the Company. Interest has been fully distributed to investors in Group Note Holdings Pty Ltd, that is holding the convertible notes in trust for administrative purposes. At the time of issue of the convertible note, Mr Orgnoni was not a director.

Remuneration Consultants
The Company did not engage any remuneration consultants during the year ended 30 June 2019.

Voting and comments made at the Company's 2018 Annual General Meeting ("AGM")
At the 2018 AGM, 0.42% of the proxies voted against the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

******End of Audited Remuneration Report******

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
As at the date of this report, the legal proceedings that were commenced in the Supreme Court of Western Australia, as announced on 16 April 2018, remain dormant with no further proceedings progressed by the plaintiff.

The Plaintiff, Alignment Capital Pty Ltd is alleging a breach by Tikforce Ltd of a mandate agreement between the parties dated 19 October 2017 and varied on 17 November 2017.

The alleged breaches of the mandate agreement include breach of contract, proposed capital raising, issue of options, non-reduction in CEO salary, acceptance of new funding, failure of obtaining independent research note and failure to commit to roadshows. The claim for the alleged breaches include issue of options and fees under the mandate. Alignment is alleging an entitlement to damages, interest at the rate of 6% per annum from the date such damages were incurred and costs. The claim has not been quantified by Alignment.

Tikforce disputes Alignment's claims in full and will be fully defending the proceedings.

No other 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 Criterion 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.

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

	2019	2018
	$	$
Taxation services	-	-
Investigating accountants reports	-	-
Total non-audit services	-	-

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 2019.

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

Kevin Baum

Kevin Baum
Managing Director
Date: 27 September 2019

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2019

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 2019

	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 2019

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 2019

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.	Due the disposal of the Company's main undertaking and restructure of the company to reduce all costs, it was agreed with Mr Baum, the current Managing Director, to replace his employment contract as CEO and replace it with an Executive director service agreement on the basis of $4,000 per month. All other conditions are the same as the Non-executive director agreements. Remuneration is now paid in accordance with the Company's constitution. Whilst the company searches for new business acquisitions, there will be no review of remuneration for executives, with the objective of minimising all costs.	Does not comply

TIKFORCE LIMITED

CORPORATE GOVERNANCE

For the year ended 30 June 2019

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

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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 Gianmarco Orgnoni is considered to be an independent director. 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 Gianmarco Orgnoni is an independent member 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.	The company does not currently have a Chairman.	Does not comply.

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

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For the year ended 30 June 2019

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

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For the year ended 30 June 2019

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

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For the year ended 30 June 2019

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

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For the year ended 30 June 2019

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 2019

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 2019

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 2019

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 2019 was as follows:

- *Women employees in the consolidated entity* *0%*
- *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.tkfltd.com

CRITERION AUDIT

Criterion Audit Pty Ltd

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Tikforce Limited and Controlled Entities for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 27th day of September 2019

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

TIKFORCE LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2019

	Note	30 June 2019 $	30 June 2018* $
Revenues			
Net gain arising on financial liabilities		-	955,494
Other income	4 (a)	350,000	-
Interest income	4 (a)	10	139
Total income		350,010	955,633
Expenses			
Director and employee benefits expenses	4 (b)	172,850	104,500
Consulting expenses		176,955	339,141
Compliance and regulatory	4 (b)	105,431	80,258
Impairment expense	4 (b)	2,385	450,000
Travel and accommodation expenses		4,252	9,082
Financial expenses		828,320	843,492
Legal fees		226,104	138,536
Other expenses		116,299	71,491
Total expenses		**(1,632,596)**	**(2,036,500)**
Loss before income tax		**(1,282,586)**	**(1,080,867)**
Income tax		-	-
Loss for the period		**(1,282,586)**	**(1,080,867)**
Discontinued operations			
Loss for the period after income tax from discontinued operations	**20**	(359,804)	(2,547,268)
Loss after income tax attributable to members of Tikforce Limited		**(1,642,390)**	**(3,628,135)**
Other Comprehensive Income / (Loss):		-	-
Total Comprehensive Loss for the period		-	-
Total Comprehensive Income/ (Loss) attributable to:			
Members of Tikforce Limited		**(1,642,390)**	**(3,628,135)**
Earnings/(loss) per share	5	**Cents per Share**	**Cents per Share**
Discontinued operations loss per share for the period – cents per share		(0.16)	(1.42)
Continuing operations loss per share - cents per share		(0.57)	(0.60)
Overall Basic and diluted loss per share - cents per share		(0.73)	(2.02)

*Adjusted for discontinued operations as per note 20

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 2019

	Note	30 June 2019 $	30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,909	212,564
Trade and other receivables	7	10,222	525,821
Other assets		42,000	44,945
Total Current Assets		54,131	783,330
Total Assets		**54,131**	**783,330**
LIABILITIES			
Current Liabilities			
Trade and other payables	9	922,269	756,996
Borrowings	10	2,153,726	1,544,349
Provisions	11	39,792	35,729
Other liabilities		225	225
Total Current Liabilities		3,116,012	2,337,299
Total Liabilities		3,116,012	2,337,299
Net Assets/(Deficiency)		**(3,061,881)**	**(1,553,969)**
Equity			
Issued capital	12	8,493,637	8,359,159
Reserves	13	-	1,450,445
Accumulated losses	14	(11,555,518)	(11,363,573)
Total Equity		**(3,061,881)**	**(1,553,969)**

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 2019

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	$	$	$	$
At 1 July 2018	**8,359,159**	**(11,363,573)**	**1,450,445**	**(1,553,969)**
Total comprehensive loss for the period		(1,642,390)	-	(1,642,390)
Transfer on expiry of options & performance shares on sale of business		1,450,445	(1,450,445)	-
Transactions with owners in their capacity as owners:				
Issue of share capital	121,742	-	-	121,742
Shares issued from ESOP	16,000	-	-	16,000
Costs of capital raising	(3,264)	-	-	(3,264)
At 30 June 2019	**8,493,637**	**(11,555,518)**	**-**	**(3,061,881)**
At 1 July 2017	**8,169,430**	**(7,735,437)**	**1,450,445**	**1,884,438**
Total comprehensive loss for the period	**-**	(3,628,135)	-	(3,628,135)
Transactions with owners in their capacity as owners:				
Issue of share capital	354,850	-	-	354,850
Costs of capital raising	(165,121)	-	-	(165,121)
At 30 June 2018	**8,359,159**	**(11,363,573)**	**1,450,445**	**(1,553,969)**

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 2019

	Note	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flows from operating activities			
Receipts from customers		227,732	689,202
Research & Development Tax Incentive		455,028	513,827
Interest received		1,893	939
Interest paid		(194,829)	(260,616)
Payments to suppliers and employees		(1,214,405)	(3,196,078)
Net cash flows used in operating activities	6	(724,581)	(2,252,726)
Cash flows from investing activities			
Proceeds from sale of intangible assets		350,000	-
Net cash flows used in investing activities		350,000	-
Cash flows from financing activities			
Proceeds from borrowings		69,392	2,750,000
Repayment of borrowings		(23,943)	(856,096)
Proceeds from issue of shares and options		121,741	354,850
Payment of share issue costs		(3,264)	(165,121)
Net cash flows provided by financing activities		163,926	2,083,692
Net increase in cash and cash equivalents held		(210,655)	(169,034)
Add opening cash and cash equivalents brought forward		212,564	381,598
Closing cash and cash equivalents carried forward	6	**1,909**	**212,564**

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 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 30 September 2019.

(a) Going concern

During the year ended 30 June 2019, the Group incurred net loss after tax of $1,642,390 (30 June 2018: $3,628,135) and a cash outflow from operating activity of $724,581 (30 June 2018: $2,252,726). As at 30 June 2019, the Group had cash and cash equivalents of $1,909 (30 June 2018: $212,564) and net liabilities of $3,061,881 (30 June 2018: $1,553,969).

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.

In arriving at this position, the directors have had regard to the fact that the Group has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration 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 Group will be issuing Notice of Meeting approved by ASX for shareholders to approve the conversion of all convertible notes to ordinary shares with the ASX as described in more detail in Note 10 Borrowings. There is also the conversion of various creditors and director fees to ordinary shares;
- Letter of financial support provided by the Company's corporate advisors that will provide sufficient funding to enable the company to pay its debts as and when they fall due; and
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements.

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.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Company and the Group will continue as going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company or 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.

(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 2019 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 (w).

(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.

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

TIKFORCE LIMITED

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 1(o) 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.

(m) Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an ‘expected credit loss’ (“ECL”) model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition. In which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(o) 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.

(p) 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).

(q) 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.

(r) 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.

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(s) 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.

(t) Compound Financial Instrument

Compound financial instruments comprise convertible notes denominated in Australian dollars that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of the compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components.

Subsequent to initial recognition the liability component of a compound financial instrument is measured at amortised cost.

Interest related to the financial liability is recognised in the profit and loss.

(u) 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.

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.

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2 PARENT ENTITY INFORMATION

Information relating to Tikforce Limited (the legal parent entity):	2019	2018 $
Current assets	11,574	207,497
Non-current assets	-	1,791,161
Total assets	11,574	1,998,658
Current liabilities	2,886,379	1,998,658
Total liabilities	2,886,379	1,998,658
Issued capital	8,492,122	20,566,516
Accumulated losses	(11,366,927)	(22,026,411)
Share options reserve	-	1,459,895
Total shareholders’ equity	(2,874,805)	-
Profit/(Loss) of the parent entity	(12,116,379)	(5,553,735)
Total comprehensive loss of the parent entity	(12,116,379)	(5,553,735)

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 2018.

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, until it was sold.

4 REVENUE AND EXPENSES

4(a) Revenue from continuing operations

	CONSOLIDATED	
	2019 $	2018 $
Net gain arising on financial liability (i)	-	955,494
Sale proceeds on sale of business	350,000	-
Interest Income	10	139
Total Income	350,010	955,633

(i) The net gain arising on financial liability is related to the revaluation of the convertible note

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4(b) Expenses	CONSOLIDATED	
i) Employee benefit expense	2019	2018
	$	$
Director fees and salaries expenses	172,850	104,500
Superannuation and annual leave expense	-	-
Payroll tax expense and staff training	-	-
	172,850	**104,500**
ii) Impairment		
Impairment of Min-Trak intellectual property (Note 8)	-	-
Impairment of intellectual property	2,385	1,078,300
	2,385	**1,078,300**
iii) Compliance and Regulatory fees		
Audit and tax expenses	28,431	30,027
ASX and ASIC expenses	41,975	25,697
Share registry expenses	35,025	24,534
	105,431	**80,258**

5 LOSS PER SHARE

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

	CONSOLIDATED	
	2019	2018
	$	$
Net loss after income tax benefit attributable to members	(1,642,390)	(3,628,135)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS and diluted EPS	222,757,064	179,811,175
Earnings per share (Cents)	(0.73)	(2.02)
Discontinued operations loss per share for the period – cents per share	(0.16)	(1.42)
Continuing operations loss per share - cents per share	(0.57)	(0.60)

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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	
	2019	**2018**
	$	**$**
Cash at bank	1,909	212,564

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.

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

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Loss after income tax	(1,642,390)	(3,628,135)
Amortisation expense	-	53,960
Impairment expense	2,385	1,078,300
Miscellaneous expenses		37,608
Movements in assets and liabilities		
Movement in current trade and other receivables	515,599	(78,495)
Movement in other assets	2,945	(77,412)
Movement in non-current other receivables	-	189,289
Movement in trade and other payables	392,817	239,137
Movement in provisions	4,063	(61,603)
Movement in other liabilities	-	(5,375)
Cash out flow from operations	(724,581)	(2,252,726)

7 RECEIVABLES

	CONSOLIDATED	
	2019	**2018**
	$	**$**
a) Current		
Trade and other receivables	10,222	70,793
R and D tax incentive	-	455,028
	10,222	525,821

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8 INTANGIBLE ASSETS

	Research and Development	Intellectual Property - Mintrak	Total
	$	$	$
Year ended 30 June 2018			
Opening value as at 1 July 2017	**682,271**	**513,625**	**1,195,896**
Impairment	(564,675)	(513,625)	(1,078,300)
Amortisation	(117,596)	-	(117,596)
Closing value as at 30 June 2018	**-**	**-**	-

9 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Trade payables	475,504	310,598
Other payables and accrued expenses	446,765	446,398
	922,269	756,996

10 BORROWINGS

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Convertible notes(1)	2,000,000	567,182
Financial liability conversion feature	-	497,820
Financial liability – attaching option	-	278,603
Convertible note – Interest Payable	-	100,000
Loan from Odin Energy Ltd	50,000	50,000
Loan from Green Base	25,000	25,000
Loan from GCP Capital Ltd	25,050	25,050
Other loans (2)	53,676	694
	2,153,726	1,544,349

(1) The convertible notes, issued in March 2019 raised $2,000,000, and are to be repaid on or before 30 March 2020.

The key terms of the secured convertible notes issued on 27 March 2018 include:

- Total proceeds raised: $2M
- Conversion price the lower of:
  $0.02 or:
  80% of the volume weighted average market price for the shares in the 5 days prior to conversion; or

the event of a capital raising, at a 20% discount to the issue price of the capital raising

- The loans have interest payable at 10% per annum on the face value of the note, payable monthly in advance on the first day of each month. The notes are due for repayment on 30 March 2020.
- From 31 March 2019 interest accrues on a monthly basis, payable at the maturity date by the issue of shares at a conversion price of $0.001 per share.

(2) short-term unsecured loans advanced to the company with interest payable of 10%pa and are repayable on demand.

11 PROVISIONS

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Provision for annual leave	39,792	35,729
	39,792	35,729

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12 CONTRIBUTED EQUITY

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
(a) Issued and fully paid up capital		
256,487,630 (2018: 193,866,177) ordinary shares fully paid	8,493,637	8,359,159

SHARES	Number	$
Shares on issue 1 July 2018	193,866,177	8,359,159
Placement to Sophisticated Investors	59,421,453	121,742
Conversion of ESOP to shares	3,200,000	16,000
Costs of capital	-	(3,264)
TOTAL SHARES ON ISSUE 30 JUNE 2019	256,487,630	8,493,637
SHARES	Number	$
Shares on issue 1 July 2017	170,209,455	8,169,430
Placement to Sophisticated Investors	10,000,000	150,000
Rights issue	13,656,722	204,850
Costs of capital	-	(165,121)
TOTAL SHARES ON ISSUE 30 JUNE 2018	193,866,177	8,359,159

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**.**

b) 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.

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The consolidated entity monitors capital with reference to the net debt position. The Board are seeking new business acquisitions and may issue shares to raise cash. Convertible noteholders have all agreed to be repaid by an issue of shares, subject to shareholder approval.

13 SHARE BASED PAYMENTS RESERVE

	$
Opening balance 1 July 2018	1,450,445
Transfer on expiry of options & performance shares on sale of business	(1,450,445)
Closing balance 30 June 2019	-

Performance Shares

On 31 March 2016 a total of 41,000,000 Performance Shares were issued as disclosed in the 2017 financial report. 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 as at 30 June 2016. As at 30 June 2019, the above vesting conditions had not been met and the value remains $Nil.

Performance Rights

On 13 June 2017 a total of 12,000,000 Performance Rights were issued as disclosed in the previous financial report.

As at 30 June 2019, the above vesting conditions had not been met.

14 ACCUMULATED LOSSES

	CONSOLIDATED	
	2019	2018
	$	$
Balance at beginning of year	(11,363,573)	(7,735,437)
Net (loss)	(1,642,390)	(3,628,135)
Share based payments transferred	1,450,445	-
Balance at end of financial year	(11,555,518)	(11,363,573)

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15 INCOME TAX EXPENSE

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

	CONSOLIDATED	
	2019	2018
	$	$
Loss before tax from continuing operations	(1,642,390)	(3,628,135)
Income tax benefit calculated at 27.5%	(451,657)	(997,737)
Effect of non-deductible expenditure when calculating taxable loss	-	301,194
Movement in unrecognised temporary differences	-	4,155
Income tax benefit on tax losses not brought into account	451,657	692,388
Income tax attributable to operation loss	-	-
Unrecognised deferred tax balances		
Tax losses – revenue	1,180,554	728,897
Deductible temporary differences	-	-
Total un-recognised deferred tax assets	1,180,554	728,897

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	
			2019	2018
			%	%
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*

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17 DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel

Kevin Baum	Managing Director
Stuart Usher	Non-Executive Director (Appointed 20 August 2018)
Gianmarco Orgnoni	Non-Executive Director (Appointed 3 December 2018)
Andrew Houtas	Non-Executive Director (Resigned 20 August 2018)
Duncan Anderson	Non – Executive Chairman (Resigned 3 December 2018)

Aggregate remuneration of key management personnel

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Salary and fees	220,850	344,983
Superannuation	-	21,216
Total	**220,850**	**366,199**

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.

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.

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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;

Financial Instrument	**Fixed Interest Rate**		**Floating Interest Rate**		**Non-Interest Bearing**		**Total**	
	2019 $	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**
(i) Financial assets								
Cash and cash equivalents	-	-	-	-	1,909	212,564	1,909	212,564
Trade and other receivables	-	-	-	-	10,222	525,821	10,222	525,821
Other asset-	-	-	-	-	42,000	42,000	42,000	42,000
Total financial assets	-	-	-	-	54,131	780,385	54,131	780,385
Weighted average interest rate	-	-	-	-		-		-
(ii) Financial liabilities								
Trade and other payables	-	-	-	-	922,269	756,996	922,269	756,996
Borrowings	2,153,726	1,544,349	-	-	-	-	2,153,726	1,544,349
Total financial liabilities	2,153,726	1,554,349	-	-	922,269	756,996	3,075,995	2,301,345

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

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decrease in the interest rates by 100 basis points would not be material to the group as $2,000,000 of financial liabilities have fixed interest rates of 10%.

(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.

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. AUDITORS' REMUNERATION

	CONSOLIDATED	
	2019	**2018**
	$	**$**
Audits or review of the financial report of the entity and any other entity in the consolidated group		
- Greenwich & Co Audit Pty Ltd	-	31,000
- Criterion Audit Pty Ltd	25,000	-
	25,000	31,000

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

	CONSOLIDATED	
	2019	**2018**
	$	**$**
- Taxation services – Greenwich & Co Audit Pty Ltd	-	2,000
Total non-audit services	-	2,000

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20. DISCONTINUED OPERATIONS

On 30 November 2018, the Company announced the sale of its Tikforce Business. The Tikforce business was being operated through its subsidiary Tikforce Operations Pty Ltd. The sale was executed for $350,000. The business activities of Tikforce Operations Pty Ltd is considered to be a discontinued operation.

	$
Consideration received or receivable:	
Cash	350,000
Total Consideration received	350,000
Carrying value of intangible asset sold	-
Costs attributable to sale	-
Gain on sale	**350,000**

The following is an analysis of the results of the discontinued operations for the period.

Loss for the 12 months from discontinued operations	**30 Jun 2019**	**30 Jun 2018**
	$	**$**
Revenue	31,439	421,689
Other income	8,588	1,079
Research & development tax incentive	-	455,103
Employee benefits expense	(183,978)	(1,803,729)
Computer maintenance and licence fees	(56,393)	(162,595)
Compliance & regulatory	-	(20,030)
Depreciation & Amortisation	-	(53,960)
Occupancy costs	(68,409)	(174,669)
Impairment expense	-	(628,300)
Bad debts	-	(183,863)
Legal fees	(1,550)	(6,204)
Consulting costs	(38,885)	(161,647)
Travel costs	(3,121)	(46,529)
Financial costs	(5,036)	(14,201)
Other	(42,460)	(169,412)
Loss for the period	**(359,805)**	**(2,547,268)**
Cashflows from discontinued operations		
Cashflows used in operating activities	(591,203)	(1,580,062)
Cashflows from investing activities	(218,277)	(465,322)
Net Cash outflows from discontinued operations	**(809,480)**	**(2,045,384)**

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21 RELATED PARTY TRANSACTIONS

(a) Parent Entity
The parent entity within the Consolidated Entity is Tikforce Limited.

(b) Subsidiaries.
Interests in subsidiaries are set out in Note 16.

(c) Key management personnel
Transactions relating to key management personnel are set out in Note 17.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2019	2018	2019	2018
			$	$	$	$
Group Note Holdings Pty Ltd	Holding company Investment	Gianmarco Orgnoni	23,900[(1)]	-	-	-

[(1)] Interest received on convertible notes placed with the Company. Interest has been fully distributed to investors in Group Note Holdings Pty Ltd, that is holding the convertible notes in trust for administrative purposes. At the time of issue of the convertible note, Mr Orgnoni was not a director.

22 COMMITMENTS AND CONTINGENCIES

(i) Operating lease commitments
The Group had no future non-cancellable operating lease liabilities at 30 June 2019 (2018: nil).

(ii) Contingent liabilities

As at the date of this report, the legal proceedings that were commenced in the Supreme Court of Western Australia, as announced on 16 April 2018, remain dormant with no further proceedings progressed by the plaintiff.

The Plaintiff, Alignment Capital Pty Ltd is alleging a breach by Tikforce Ltd of a mandate agreement between the parties dated 19 October 2017 and varied on 17 November 2017.

The alleged breaches of the mandate agreement include breach of contract, proposed capital raising, issue of options, non-reduction in CEO salary, acceptance of new funding, failure of obtaining independent research note and failure to commit to roadshows. The claim for the alleged breaches include issue of options and fees under the mandate. Alignment is alleging an entitlement to damages, interest at the rate of 6% per annum from the date such damages were incurred and costs. The claim has not been quantified by Alignment.

Tikforce disputes Alignment's claims in full and will be fully defending the proceedings.

The Group had no other contingent liabilities as at 30 June 2019.

23 EVENTS AFTER THE REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly operations of the company, the results of those operations or the state of affairs of the company in future financial years.

TIKFORCE LIMITED

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 2019 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

Kevin Baum
Director
27th September 2019

CRITERION AUDIT

Criterion Audit Pty Ltd

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Independent Auditor's Report

To the Members of Tikforce Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Tikforce Limited ("the Company") and Controlled Entitites ("the Consolidated Entity") , which comprises the consolidated statement of financial position as at 30 June 2019, and 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:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1(a) to the annual report, which indicates that the Consolidated Entity incurred a net loss of $1,642,390 and as of that date, the Consolidated Entity had a net working capital deficiency of $3,061,881 and net operating cash outflows of $724,581. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and 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.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Based on the facts and circumstances of the Company and the audit, we have determined that there are no key audit matters to be communicated in the audit report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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, 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.

Directors' Responsibility 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Company'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 Consolidated Entity'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 Consolidated Entity 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Criterion Audit

CRITERION AUDIT PTY LTD

C Watts

CHRIS WATTS CA
Director

DATED at PERTH this 27th day of September 2019

TIKFORCE LIMITED

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 16 September 2019

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

Ordinary Shares

Ranking	Name	Shares Held	% of total shares
1	RICHSHAM NOMINEES PTY LTD	14,588,505	5.69
2	SILIKONROK PTY LTD	14,178,750	5.53
3	TRINDIS PTY LTD	12,727,454	4.96
4	IONIAN HOLDINGS PTY LTD	12,727,454	4.96
5	KILO DELTA PTY LTD <BAUMSTEIN FAMILY A/C>	11,628,168	4.53
6	MR DAVID ANDREW THOMAS + MS NICOLA JANE THOMAS	10,109,389	3.94
7	FREYABEAR FHMN PTY LTD	8,000,000	3.12
8	ALIGNMENT CAPITAL PTY LTD	6,666,667	2.6
9	UBS NOMINEES PTY LTD	6,250,000	2.44
10	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	5,365,063	2.09
11	MR BRIAN PETER BYASS	5,217,135	2.03
12	MR ROSS JEREMY TAYLOR <JAMANARO A/C>	5,173,341	2.02
13	SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,000,000	1.95
14	KIORAKU PTY LTD <KIORAKU A/C>	4,961,881	1.93
15	ECK INVESTMENTS PTY LTD	4,961,881	1.93
16	JASON BRENT SMITH + DANIELLE ALANA SMITH	4,950,000	1.93
17	SPARTAN NOMINEES PTY LTD <SPARTON SUPER FUND A/C>	4,576,916	1.78
18	MR JAMES OWEN STROGUSZ + MRS MALGORZATA STROGUSZ	4,500,000	1.75
19	SHORT NOMINEES PTY LTD <RC SHORT FAMILY A/C>	4,456,329	1.74
20	SEEFELD INVESTMENT PTY LTD	4,156,250	1.62
Total of top 20 Shareholders		**150,195,183**	**58.56**

TIKFORCE LIMITED

2. **Substantial Shareholders** (Current as at 16 September 2019)

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

Name	Shares held	% of total shares
Collectively all the following - EZR Systems Pty Ltd Valplan Pty Ltd <Troy Valentine Fam S/F Account> Alignment Capital Pty Ltd Cityside Pty Ltd Union Square Capital Pty Ltd <Endeavor A/C>	18,168,355	8.146%
Richsham Nominees Pty Ltd	14,588,505	7.53%

3. **Distribution of Equity Securities** (Current as at 20/ 09 / 2019)

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	419	108,767	0.04
1,001 – 5,000	91	252,576	0.10
5,001 – 10,000	44	353,496	0.14
10,001 – 100,000	190	8,283,754	3.23
100,001 and over	171	247,489,037	96.49
Total	**915**	**197,066,177**	**100%**

Number of holders holding less than a marketable parcels is 836

Shareholders by Location	**No. of Holders**	**No. of Shares**
Australian holders	898	242,787,053
Overseas holders	17	13,700,577
	915	**256,487,630**

4. **Unquoted securities**

Options	Exercisable at 3c expiring 31-Oct 2020	16,828,341

80 holders

Name	**Options**	**%**
Alignment Capital Pty Ltd	4,666,667	27.73