

**TIKFORCE OPERATIONS PTY LTD (formerly known as Tikforce Pty Ltd)**  
**ACN: 168 318 616**

**FINANCIAL REPORT  
FOR THE PERIOD ENDED  
30 JUNE 2015**

**TIKFORCE OPERATIONS PTY LTD**  
**ACN: 168 318 616**

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**TIKFORCE OPERATIONS PTY LTD**  
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**DIRECTORS REPORT**

Your directors present their report on the Company for the period from incorporation, 28 February 2014, to 30 June 2015.

**Directors**

The names of the directors in office at any time during or since the end of the period are:

Mr Jason Brent Smith  
Mr Kevin Michael Baum

Directors have been in office since the inception of the company to the date of this report unless otherwise stated.

**Review of operations**

The profit of the Company for the period after providing for income tax amounted to \$17,693. The Company's net assets at 30 June 2015 were \$17,703.

**Principal Activities**

The principal activity of the Company during the financial period was the development of software applications to monitor and record employees and other data.

Since the end of the financial period, the company has entered into negotiations to be acquired by Acuvax Limited, an ASX Listed company, in an all-share transaction that will provide Tikforce Operations Pty Ltd and its newly acquired assets a platform to raise capital to fund a future development.

**Future Developments**

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

**Environmental Regulation**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Dividends**

No dividends have been declared since the start of the financial period.

**Shares and Share Options**

No options over issued shares or interests in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

**Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

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**Proceedings on behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in blue ink, appearing to read 'Kevin Baum', with a stylized flourish at the end.

Kevin Baum  
**Director**  
Tikforce Operations Pty Ltd

24 August 2015

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE PERIOD ENDED 30 JUNE 2015**

	2015
	\$
	Note
<b>Revenue</b>	18,740
<b>Expenses</b>	
Bank charges	(354)
ASIC fees	(391)
Telephone	(302)
<b>Profit before income tax</b>	<u>17,693</u>
Income tax expense	-
<b>Profit after income tax</b>	<u>17,693</u>
<b>Other Comprehensive Income</b>	-
<b>Total Comprehensive Income for the period</b>	<u>17,693</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2015**

	Note	2015 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2	3,181
Trade debtors		16,674
GST recoverable		<u>22,727</u>
<b>TOTAL CURRENT ASSETS</b>		<u>42,582</u>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	3	<u>481,335</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>481,335</u>
<b>TOTAL ASSETS</b>		<u>523,917</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4	56,918
Borrowings	5	<u>449,296</u>
<b>TOTAL LIABILITIES</b>		<u>506,214</u>
<b>NET ASSETS</b>		<u>17,703</u>
<b>EQUITY</b>		
Issued capital	6	10
Retained profit		<u>17,693</u>
<b>TOTAL EQUITY</b>		<u>17,703</u>

The accompanying notes form part of these financial statements.

**TIKFORCE OPERATIONS PTY LTD**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

	Note	ISSUED CAPITAL \$	RETAINED PROFIT \$	TOTAL \$
BALANCE AS AT 28 FEB 2014		-	-	-
<b>Comprehensive Income</b>				
Profit for the period		-	17,693	17,693
<b>Total Comprehensive Income</b>		-	17,693	17,693
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued during the period		10	-	10
<b>Total transactions with owners, in their capacity as owners</b>		10	-	10
BALANCE AS AT 30 JUNE 2015		10	17,693	17,703

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

	Note	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers		2,066
Payments to suppliers and employees		(1,047)
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>		1,019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for intangible assets		(447,144)
<b>NET CASHFLOWS (USED IN) INVESTING ACTIVITIES</b>		(447,144)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings		449,296
Proceeds from share issues		10
<b>NET CASHFLOWS FROM FINANCING ACTIVITIES</b>		449,306
<b>NET INCREASE IN CASH HELD</b>		3,181
Cash at beginning of period		-
<b>CASH AT END OF PERIOD</b>	2	3,181

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

**1 Statement of Significant Accounting Policies**

This financial report is a special purpose report prepared to satisfy the requirements of the *Corporations Act 2001*. The directors have determined that the entity is not a reporting entity.

The financial report covers Tikforce Operations Pty Ltd (or "the Company") which is limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian Dollars.

The financial report has been prepared in accordance with the measurement and recognition of Australian Accounting Standards and the requirements of the following applicable Australian Accounting Standards:

AASB 101:	Presentation of Financial Statements;
AASB 107:	Cash Flow Statements;
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 1031:	Materiality; and
AASB 1048:	Interpretation and Application of Standards.

No other Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

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

The Directors believe that it is reasonable foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report because, subsequent to 30 June 2015, the Company is intended to be acquired by Palace Resources Limited, who intend to raise a substantial amount of cash to facilitate future operations of the new group.

However, should the Company's plan to be acquired not come to fruition, there will be material uncertainty over the ability of the Company 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. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

**a. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**b. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

**c. Intangible Assets**

*Research and development*

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

**d. Trade and Other Payables**

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

**e. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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 ATO is included with other receivables or payables in the balance sheet.

**f. New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. These standards do not materially impact the Company.

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		<b>Company 2015</b>
		<b>\$</b>
<b>2</b>	<b>Cash and Cash Equivalents</b>	
	Cash at Bank	3,181
		3,181
<b>3</b>	<b>Intangible assets</b>	
	Software applications	481,335
		481,335
<b>4</b>	<b>Trade and Other Payables</b>	
	Trade Creditors	56,918
		56,918
<b>5</b>	<b>Borrowings</b>	
	Unsecured Loans	449,296
		449,296
<b>6</b>	<b>Issued Capital</b>	
	Fully Paid Ordinary Shares	10
		10
	<b>Movement in shares on issue</b>	
	<b>Fully paid shares</b>	<b>Number</b> <b>\$</b>
	At beginning of period	-                                      -
	Issue of Ordinary Shares	10                                    10
	At end of period	10                                    10

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**DIRECTORS' DECLARATION**

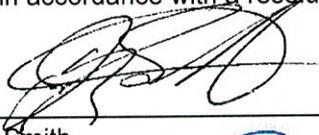
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10, present fairly the company's financial position as at 30 June 2015 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

**Director:**

  
\_\_\_\_\_  
Jason Brent Smith

**Director:**

  
\_\_\_\_\_  
Kevin Michael Baum

**Date: 24 August 2015**