



# **Tikforce Limited**

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

ACN: 106 240 475

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

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This financial report covers the Tikforce Limited Group, consisting of Tikforce Limited and its subsidiaries. The financial report is presented in Australian dollars.

## **Corporate Directory**

### **Directors**

Kevin Michael Baum  
Stuart Usher  
Gianmarco Orgnoni

Managing Director  
Non-Executive Director  
Non-Executive Director

### **Company Secretary**

Stuart Usher

### **Registered Office and Principal Place of Business**

Ground Floor, Suite 1, 437 Roberts Rd  
Subiaco, Western Australia, 6008  
Telephone: 08 6380 2555  
Facsimile: 08 9381 1122  
Website: www.tkfltd.com

### **Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
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

**TIFORCE LIMITED**  
**ACN: 106 240 475**

**Directors' Report**

The Directors have pleasure in submitting their report on the Group, being the Company and its controlled entities, for the 6 months ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

**DIRECTORS**

The names and details of Directors in office at any time during the period were:

Mr Kevin Baum	Managing Director
Mr Stuart Usher	Non Executive Director
Mr Gianmarco Orgnoni	Non Executive Director

Directors have been in office since the start of the period to the date of this report.

**PRINCIPAL ACTIVITIES**

During the period, the principal activity of the Group consisted of actively pursuing other business opportunities.

**REVIEW OF RESULTS OF OPERATIONS**

After deducting total expenses from continuing operations of \$376,265, the Company recorded a loss for the period of \$376,154 (Dec 2018: Loss \$1,119,262). The total loss for the period including losses from discontinued operations is \$372,312, (Dec 2018: Loss \$1,528,270). The previous period included the sale proceeds from the Tikforce business and the financial effect of the convertible note interest and conversion features.

Basic and diluted loss per share of \$0.13 compared to \$0.0076 for the same period in the prior year.

**TIFORCE LIMITED**  
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Total negative equity was \$3,152,985 with total assets of \$27,638 and liabilities of \$3,180,623. At 30 June 2019, equity was negative \$3,061,881. At 30 June 2019 there was \$54,131 in assets and \$3,116,012 in liabilities.

During the six-months ending 31 December 2019, the company generated net proceeds from financing activities of \$83,327. This was proceeds from borrowings.

Net cash used in operating activities was \$64,367 compared to \$501,174 in the same period in the prior year. This includes cash receipts of \$42,111 which includes a rental bond refund of \$42,000. For the same period, prior year cash receipts were \$683,752 of which \$227,657 were from customers, \$1,067 was interest received and \$455,028 of research and development rebates.

In the prior period, net cash provided by investing activities represented the actual sale proceeds received from the sale of the Tikforce business.

**SUBSEQUENT EVENTS**

Conversion notices have been received by the Company from all note holders, with \$1,115,000 of convertible notes converted into 1,115,000,000 Shares and 1,115,000,000 Options on 19 February 2020. Convertible note accrued interest to 30 March 2020 was also converted to 111,500,000 Shares, valued at \$111,500.

The Company is preparing a Notice of Meeting to seek shareholder approval for the remaining noteholder conversions.

On 19 February the Company issued 60,000,000 Shares in lieu of interest (\$40,000) and a facilitation fee (\$20,000) in accordance with a loan agreement of a \$200,000 loan facility that was fully drawn on 13 February 2020.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

**LIKELY DEVELOPMENTS**

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Group that were not finalised at the date of this report. Further information as to likely developments in the operations of the Group and Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

**AUDITORS INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the 6 months ended 31 December 2019 has been received and can be found on page 4.

**AUDITOR**

Criterion Audit Pty Ltd continues in office in accordance with section 327 of the Corporation Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Kevin Baum  
Managing Director  
Dated 27 February 2020  
Perth

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road  
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

To The Board of Directors

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

As lead audit director for the review of the financial statements of Tikforce Limited and its controlled entities for the half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



**CHRIS WATTS CA**  
**Director**

**CRITERION AUDIT PTY LTD**

DATED at PERTH this 27<sup>th</sup> day of February 2020

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income  
For the Half-year ended 31 December 2019

	Note	Consolidated	
		Half year ended 31 December 2019	Half year ended 31 December 2018
		\$	\$
Net gain arising on financial liabilities		-	47,548
Other income		111	357,384
<b>Total revenue</b>		<b>111</b>	<b>404,932</b>
Director and employee benefit expenses		(72,750)	-
Consulting fees		(76,117)	(208,239)
Compliance and regulatory expenses		(33,524)	(59,295)
Legal fees		-	(149,580)
Financial costs		(107,561)	(1,011,712)
Share based payments		-	(16,000)
Other expenses		(86,313)	(79,368)
<b>Total operating expenses</b>		<b>(376,265)</b>	<b>(1,524,194)</b>
<b>Loss before income tax expense</b>		<b>(376,154)</b>	<b>(1,119,262)</b>
Income tax		-	-
<b>Loss for the period</b>		<b>(376,154)</b>	<b>(1,119,262)</b>
<b>Discontinued operations</b>			
Profit/(Loss) for the period after income tax from discontinued operations	4	3,842	(409,008)
<b>Loss after income tax attributable to members of Tikforce Limited</b>		<b>(372,312)</b>	<b>(1,528,270)</b>
Other Comprehensive Income / (Loss):		-	-
<b>Total Comprehensive Loss for the period</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/ (Loss) attributable to: Members of Tikforce Limited</b>		<b>(372,312)</b>	<b>(1,528,270)</b>
Discontinued operations profit/(loss) per share for the period – cents per share		0.001	(0.002)
Continuing operations profit/(loss) per share - cents per share		(0.13)	(0.005)
Overall Basic and diluted loss per share		(0.13)	(0.0076)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

Condensed Consolidated Statement of Financial Position  
As at 31 December 2019

	Note	Consolidated	
		31 Dec 2019	30 June 2019
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		20,869	1,909
Trade and other receivables		6,769	10,222
Other assets		-	42,000
<b>Total current assets</b>		<b>27,638</b>	<b>54,131</b>
<b>TOTAL ASSETS</b>		<b>27,638</b>	<b>54,131</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		903,553	922,269
Borrowings	2	2,237,053	2,153,726
Provisions		39,792	39,792
Other liabilities		225	225
<b>Total Current Liabilities</b>		<b>3,180,623</b>	<b>3,116,012</b>
<b>TOTAL LIABILITIES</b>		<b>3,180,623</b>	<b>3,116,012</b>
<b>NET ASSETS</b>		<b>(3,152,985)</b>	<b>(3,061,881)</b>
<b>EQUITY</b>			
Share capital	3	8,774,845	8,493,637
Accumulated losses		(11,927,830)	(11,555,518)
<b>TOTAL EQUITY</b>		<b>(3,152,985)</b>	<b>(3,061,881)</b>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

Condensed Consolidated Statement of Changes in Equity  
For the half year ended 31 December 2019

**Consolidated 2018**

	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
Total equity at 30 June 2019	8,493,637	-	(11,555,518)	(3,061,881)
<b>Total Comprehensive Profit / (Loss) for the period</b>				
Total Loss for the half year to 31 December 2019	-	-	(372,312)	(372,312)
Other Comprehensive Income/(Loss)	-	-	-	-
<b>Total Comprehensive Loss for the period</b>	-	-	(372,312)	(372,312)
<b>Transactions with equity holders:</b>				
Shares issued during the period:				
Shares issued in lieu of services	281,208	-	-	281,208
Shares issued pursuant to capital raising		-	-	-
Costs of capital raising		-	-	-
Total equity at 31 December 2019	8,774,845	-	(11,927,830)	(3,152,985)

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**TIKFORCE LIMITED**  
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Condensed Consolidated Statement of Changes in Equity  
For the half year ended 31 December 2018

<b>Consolidated 2018</b>	<b>Issued Capital \$</b>	<b>Share Based Payment Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
Total equity at 30 June 2018	8,359,159	1,450,445	(11,363,573)	(1,553,969)
<b>Total Comprehensive Profit / (Loss) for the period</b>				
Total Loss for the half year to 31 December 2018	-	-	(1,528,270)	(1,528,270)
Other Comprehensive Income/(Loss)	-	-	-	-
<b>Total Comprehensive Loss for the period</b>	-	-	(1,528,270)	(1,528,270)
<b>Transactions with equity holders:</b>				
Shares issued during the period:				
Shares issued from ESOP	16,000			16,000
Shares issued pursuant to capital raising	88,286	-	-	88,286
Costs of capital raising	(1,056)	-	-	(1,056)
Transfer of expired options and rights	-	(1,450,445)	1,450,445	-
Total equity at 31 December 2018	8,462,389	-	(11,441,398)	(2,979,009)

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

Condensed Consolidated Statement of Cash Flows  
For the half year ended 31 December 2019

	Consolidated 31 December 2019 \$	Consolidated 31 December 2018 \$
<i>Cash flows from operating activities</i>		
Interest received	111	1,067
Rental bond received	42,000	-
Cash received from customers	-	227,657
Interest paid	(86,712)	(156,063)
Research and Development Rebate	-	455,028
Payments to suppliers and employees	(19,766)	(1,028,863)
<b>Net cash used in operating activities</b>	<b>(64,367)</b>	<b>(501,174)</b>
<i>Cash flows from investing activities</i>		
Proceeds from sale of intangible assets	-	200,000
<b>Net cash provided by/(used in) investing activities</b>	<b>-</b>	<b>200,000</b>
<i>Cash flows from financing activities</i>		
Proceeds from the issue of shares	-	88,286
Proceeds from borrowings	83,327	-
Capital raising costs	-	(1,056)
<b>Net cash provided by financing activities</b>	<b>83,327</b>	<b>87,230</b>
Net increase in cash and cash equivalents	18,960	(213,944)
Cash and cash equivalents opening balance	1,909	212,564
<b>Cash and cash equivalents at the end of the period</b>	<b>20,869</b>	<b>(1,380)</b>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**TIKFORCE LIMITED**  
**ACN: 106 40 475**

Notes to the Financial Statements  
For the half year ended 31 December 2019

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**STATEMENT OF COMPLIANCE**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*. The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in a full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2020.

**BASIS OF PREPARATION**

The interim financial report has been prepared on a historical cost basis except for certain financial instruments which are measured and reported at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**GOING CONCERN**

The consolidated entity had net liabilities of \$3,152,985 at 31 December 2019 (30 June 2019 net liabilities \$3,061,881), incurred a net loss after tax for the six months ended 31 December 2019 of \$372,312 and experienced net cash outflows from operating activities of \$64,367.

The interim 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 Company has an existing loan facility of \$200,000, which has been drawn down as at the date of this report;
- The Group will shortly be issuing a Notice of Meeting for shareholders to approve the conversion of the remaining convertible notes to ordinary shares with the ASX as described in more detail in Note 2 Borrowings. The conversion notices have been received by the Company at balance date;
- Letter of financial support up to \$100,000 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.

**TIKFORCE LIMITED**  
**ACN: 106 40 475**

Notes to the Financial Statements  
For the half year ended 31 December 2019

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are disclosed in the relevant notes.

**NEW ACCOUNTING STANDARDS**

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies as a result of the adoption of new and revised accounting standards. The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2019. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies as a result of accounting standards issued not yet effective.

**TIKFORCE LIMITED**  
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Notes to the Financial Statements (continued)  
For the half year ended 31 December 2019

**NOTE 2 - BORROWINGS**

	31 Dec 2019	30 June 2019
	\$	\$
Convertible notes <sup>(1)</sup>	2,000,000	2,000,000
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 <sup>(2)</sup>	137,003	53,676
	2,237,053	2,153,726

- (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.

Conversion notices have been received by the Company from all note holders, with \$1,115,000 of convertible notes converted into 1,115,000 Shares and 1,115,000 Options on 19 February 2020. Convertible note accrued interest to 30 March 2020 was also converted to 111,500,000 Shares, valued at \$111,500.

The Company is preparing a Notice of Meeting to seek shareholder approval for the remaining noteholder conversions. Previous shareholder approval was received on 20 November 2019, however the conversion notices were received outside the one month period post the meeting.

- (2) Loans received from the corporate advisers Regency Corporate Pty Ltd totalled \$137,003. The loans were unsecured and have been fully repaid. The Company entered into a loan agreement with Crossbay Pty Ltd on 17 November 2019, pursuant to which the Company was provided with a \$200,000 loan facility. The loan was fully drawn down on 13 February 2020. The terms of the loan provide that interest rate of 20% per annum applies and a loan facilitation fee of \$20,000 be paid by the Company. The loan term is for 12 months and the loan is unsecured. The Company has issued 60,000,000 Shares in lieu of interest paid and 20,000,000 Shares were issued in lieu of the facilitation fee. Securities were issued on 19 February 2020.

**TIKFORCE LIMITED**  
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**NOTE 3 - ISSUED CAPITAL & RESERVES**

	#	\$
<b>CONSOLIDATED AND PARENT ENTITY 2019</b>		
	<b>Ordinary Shares</b>	
<b>(a) Issued and Paid Up Capital</b>		
Fully paid ordinary shares	<b>223,032,722</b>	<b>8,462,389</b>
<b>(b) Movements in fully paid shares on issue</b>		
Opening balance as at 1 July 2019	<b>256,487,630</b>	<b>8,493,637</b>
Shares issued <sup>(1)</sup>	<b>281,209,000</b>	<b>281,208</b>
<b>Balance as at 31 December 2019</b>	<b>537,696,630</b>	<b>8,774,845</b>

- (1) Represents shares issued in lieu of cash paid for services provided that were approved by shareholders at a General Meeting held on 20 November 2019.
- a.) 204,600,000 Shares were issued to the Directors in lieu of unpaid director fees and Company Secretarial fees. The shares were issued for nil cash consideration in satisfaction of payment of fees at a deemed issue price of \$0.001 per share.
- b.) 76,609,000 Shares were issued to consultants in lieu of fees paid, issued for nil consideration in satisfaction of payment of fees at a deemed issue price of \$0.001 per share.

**TIKFORCE LIMITED**  
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Notes to the Financial Statements (continued)  
For the half year ended 31 December 2019

**NOTE 4 – 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	-	
<b>Gain on sale</b>	<b>350,000</b>	

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

	31 Dec 2019	31 Dec 2018
<b>Loss for the 6 months from discontinued operations</b>	<b>\$</b>	<b>\$</b>
Revenue	-	31,439
Employee benefits expense	7,220	(278,805)
Computer maintenance and licence fees	-	(34,046)
Occupancy costs	(1,938)	(67,740)
Consulting costs	-	(22,885)
Travel costs	-	(3,266)
Financial costs	(1,041)	(4,620)
Other	(399)	(29,085)
<b>Loss for the period</b>	<b>3,842</b>	<b>(409,008)</b>
<b>Cashflows from discontinued operations</b>		
Cashflows (used in)/from operating activities	14,324	(338,100)
Cashflows from investing activities	-	(123,311)
<b>Net Cash inflows from discontinued operations</b>	<b>14,324</b>	<b>(461,411)</b>

**NOTE 5 – CONTINGENT LIABILITIES**

On 28 November 2019, the Company received notice from the ATO of an audit of its superannuation guarantee (SG) obligations and payments made between the years of 1 October 2017 to 30 June 2019. The audit is currently in progress as at the date of this report. The Company is unable to quantify, and record any possible superannuation liabilities and fines, which may arise from this audit.

There has been no other change in contingent assets or liabilities since the last annual reporting date.

**NOTE 6 – SUBSEQUENT EVENTS**

Conversion notices have been received by the Company from all note holders, with \$1,115,000 of convertible notes converted into 1,115,000,000 Shares and 1,115,000,000 Options on 19 February 2020. Convertible note accrued interest to 30 March 2020 was also converted to 111,500,000 Shares, valued at \$111,500.

The Company is preparing a Notice of Meeting to seek shareholder approval for the remaining noteholder conversions.

On 19 February 2020 the Company issued 60,000,000 Shares in lieu of interest (\$40,000) and a facilitation fee (\$20,000) in accordance with a loan agreement of a \$200,000 loan facility that has now been fully drawn.

**TIKFORCE LIMITED**  
**ACN: 106 40 475**

No other matters or circumstance has arisen since 31 December 2019 that has significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

**NOTE 7 – SEGMENT NOTE**

Those charged with governance receive operating results for the Group as a whole, therefore the Group is deemed to be one operating segment.

**TIKFORCE LIMITED**  
**ACN: 106 240 475**

Directors' Declaration

In the opinion of the directors of Tikforce Limited ('the Company'):

1. The attached condensed consolidated interim financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the period 1 July 2019 to 31 December 2019.
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the board



Kevin Baum  
Managing Director  
Dated 27 February 2020  
Perth

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road  
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

## **Independent Auditor's Review Report**

### **To the Members of Tikforce Limited**

We have reviewed the accompanying half-year financial report of Tikforce Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### **Directors Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Tikforce Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## **Conclusion**

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## **Material Uncertainty Regarding Continuation as a Going Concern**

Without modifying our opinion above, we draw attention to Note 1 to the financial report, which indicates that the Consolidated Entity had net liabilities of \$3,152,985 at 31 December 2019, incurred a net loss after tax for the six months ended 31 December 2019 of \$372,312 and experienced net cash outflows from operating activities of \$64,367. These conditions, along with other matters as set forth in Note 1 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.

*Criterion Audit*

**CRITERION AUDIT PTY LTD**

*Watts*

**CHRIS WATTS CA**  
**Director**

DATED at PERTH this 27<sup>th</sup> day of February 2020