

Tikforce Limited

FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2020

ABN: 74 106 240 475

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TIKFORCE LIMITED
CORPORATE DIRECTORY

For the year ended 30 June 2020

Corporate Directory

Directors

Kevin Baum	Managing Director
Gianmarco Orgnoni	Non-Executive Director
Simon Ingleson	Non-Executive Director

Company Secretary

Gianmarco Orgnoni

Registered Office and Principal Place of Business

Tikforce Limited
ABN 74 106 240 475
ACN 106 240 475
Ground Floor, Suite 1, 437 Roberts Rd
Subiaco WA 6008
Telephone: 08 6380 2555
Facsimile: 08 9381 1122
Website: www.tkfltd.com

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
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: TKF

TIKFORCE LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2020

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 2020.

Directors

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

Kevin Baum	Managing Director
Gianmarco Orgnoni	Non-Executive Director
Simon Ingleson	Non-Executive Director (Appointed 25 May 2020)
Stuart Usher	Non-Executive Director (Resigned 25 May 2020)

Principal Activity

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

Operating Results

The net loss attributable to members of the parent entity for the year ended 30 June 2020 amounted to \$174,945 (2019: Loss \$1,642,390).

Review of Operations

Total revenues were \$120,408 due to debt being forgiven. (2019: \$350,000 from proceeds from the sale of the Tikforce business)

After deducting total expenses of \$295,455, the Company recorded a loss for the period of \$174,945 (2019: Loss \$1,642,390).

Total negative equity was \$706,609 with total assets of \$27,975 and liabilities of \$734,584. At 30 June 2019, equity was negative \$3,061,881 and there was \$54,131 in assets and \$3,116,012 in liabilities.

During the year, the company generated net proceeds from financing activities of \$126,717 which was from borrowings less repayment.

Net cash used in operating activities was \$100,906 compared to \$724,581 in the same period in the prior year. This includes \$42,000 refund from a bank guarantee. For the same period last year, cash receipts were \$684,653 of which \$227,732 were from customers, \$1,893 was interest received and \$455,028 of research and development rebates. Since the sale of the business the company has been dormant with the board searching for other business opportunities.

Financial position

The net assets of the consolidated group have increased by \$ 2,355,272 from a net asset deficiency of \$3,061,881 on 30 June 2019 to a net asset deficiency of \$706,609 as at 30 June 2020. This increase was largely due to the conversion of convertible note and credits received from various creditors.

Significant changes in the state of Affairs

No significant changes in the state of affairs of the group occurred during the 30 June 2020 financial year.

TIKFORCE LIMITED

DIRECTORS' REPORT (cont.)

For the year ended 30 June 2020

Litigation

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 2020 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.

Shares under 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
19 February 2020	31 October 2020	\$0.03	1,115,000,000
14 April 2020	31 October 2020	\$0.03	885,000,000

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 were no options issued to directors and executives as remuneration during the year.

Likely developments and expected results from operations

The Group intends to continue pursuing other business opportunities.

Information on directors and secretary

Kevin Baum	Managing Director
Qualifications	BA D(i) - Industrial Design (Curtin University)
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 directorships	Nil
Other former directorships in the last three years	Nil

TIKFORCE LIMITED
DIRECTORS' REPORT (cont.)
For the year ended 30 June 2020

Gianmarco Orgnoni	Non-Executive Director Company Secretary
Qualifications	B. Econ (Catholic University of the Sacred Heart of Milan)
Experience	Mr Orgnoni has skills extending across corporate finance, investment banking and research analysis. Mr Orgnoni has extensive experience in offering corporate advisory and finance analysis for various private and publicly listed companies. Mr Orgnoni has 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.
Other current directorships	Non-Executive Director of Vection Technologies Ltd (ASX: VR1)
Other former directorships in the last three years	Nil
Simon Ingleson	Non-Executive Director (Appointed 25 May 2020)
Qualifications	B.Com (The University of Western Australia)
Experience	Mr Ingleson has extensive experience in the Technology and Media sectors with a career spanning over 20 years. This includes over 15 years with one of the world's largest media companies, as Advertising Director managing a team of over 100 employees across print, magazines and online platforms in both Perth and Sydney. Mr Ingleson has also held several senior management and advisory roles for a range of private and ASX listed technology companies, with a focus on change management and technical innovation.
Other current directorships	Nil
Other former directorships in the last three years.	Nil
Stuart Usher	Non-Executive Director (Resigned 25 May 2020)
Qualifications	B.Bus, MBA, CPA, AGIA, ACIS (The University of Western Australia)
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 has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.
Other current directorships	Nil
Other former directorships in the last three years.	Nil

TIKFORCE LIMITED

DIRECTORS' REPORT (cont.)

For the year ended 30 June 2020

Director's shareholdings

The following table sets out each director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report:

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Shares
K Baum	75,640,668	-	-
G Orgnoni	45,100,000	5,000,000	-
S Ingleson	11,000,000	10,000,000	-

Meetings of Directors

During the financial year, 2 meetings of directors (including circular resolutions) were held. Attendances were:

Director	Number of meetings attended	Number of meetings eligible to attend
K Baum	2	2
G Orgnoni	2	2
S Ingleson (Appointed 25 May 2020)	-	-
S Usher (Resigned 25 May 2020)	2	2

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

TIKFORCE LIMITED
DIRECTORS' REPORT (cont.)
For the year ended 30 June 2020

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 Contracts

The key terms of the Executive Director and 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.

TIKFORCE LIMITED

DIRECTORS' REPORT (cont.)

For the year ended 30 June 2020

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

Remuneration of directors and executives

For the year ended 30 June 2020

Directors	Directors fees ¹	Salary and consulting fees	Super-annuation	Sub total	Share based payments ²	Total	Share based payments as a proportion %
	\$	\$	\$	\$	\$	\$	
Executives							
K Baum	-	-	-	-	4,000	4,000	100
Non – Executives							
G Orgnoni	-	-	-	-	8,000	8,000	100
S Ingleson	-	-	-	-	-	-	-
S Usher (Resigned 25 May 2020)	-	-	-	-	16,000	16,000	100
Total	-	-	-	-	28,000	28,000	100

¹To reduce the Company's operating cost, a resolution was approved by the board to write off \$88,000 of director fees during the year.

²On 25 November 2019, a total of 259,435,000 shares were issued in lieu of director fees and Company Secretary fees. 30,800,000 shares are related to this period.

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 %
	\$	\$	\$	\$	\$	\$	
Executives							
K Baum	66,000	-	-	66,000	-	66,000	-
Non - Executives							
G Orgnoni	28,000	-	-	28,000	-	28,000	-
S Usher (Resigned 25 May 2020)	40,000	48,000	-	88,000	-	88,000	-
D Anderson (Resigned 3 Dec 18)	32,850	-	-	32,850	-	32,850	-
A Houtas (Resigned 20 Aug 18)	6,000	-	-	6,000	-	6,000	-
Total	172,850	48,000	-	220,850	-	220,850	-

TIKFORCE LIMITED
DIRECTORS' REPORT (cont.)
For the year ended 30 June 2020

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 - 2020	Balance 01/07/19 or at date of appointment	Granted as Remuneration's during the year ¹	Issued on exercise of Options during the year	Other changes during the year ²	Balance 30/06/20 or date of resignation
Kevin Baum Managing Director	11,840,668	63,800,000	-	-	75,640,668
Gianmarco Orgnoni Non Executive Director	-	39,600,000	-	5,500,000	45,100,000
Simon Ingleson Non Executive Director	11,000,000	-	-	-	11,000,000
Stuart Usher Non Executive Director (Resigned 25 May 2020)	1	101,200,000	-	-	101,200,001
Total	22,840,669	204,600,000	-	5,500,000	232,940,669

¹On 25 November 2019, a total of 259,435,000 shares were issued in lieu of director fees and Company Secretary fees. 228,635,000 shares are related to prior years included 54,835,000 shares issued to Mr Duncan Anderson.

²5,500,000 shares were issued to Mr Orgnoni during conversion of convertible notes as a noteholder.

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.

Name and Position held - 2020	Balance 01/07/19 or at date of appointment	Acquired	Exercised	Lapsed	Other changes during the year ¹	Balance 30/06/20 or date of resignation
Kevin Baum Managing Director	-	-	-	-	-	-
Gianmarco Orgnoni Non Executive Director	-	-	-	-	5,000,000	5,000,000
Simon Ingleson Non Executive Director	10,000,000	-	-	-	-	10,000,000
Stuart Usher Non Executive Director (Resigned 25 May 2020)	-	-	-	-	-	-
Total	10,000,000	-	-	-	5,000,000	15,000,000

¹5,000,000 options were issued to Mr Orgnoni during conversion of convertible notes as a noteholder.

TIKFORCE LIMITED
DIRECTORS' REPORT (cont.)
For the year ended 30 June 2020

Performance shares

Name and Position held – 2020	Balance	Granted Details	Exercised	Lapsed	Balance at
	01/07/2019 or at date of appointment				30/06/20 or date of resignation
Kevin Baum Managing Director	13,860,000	-	-	13,860,000	-
Gianmarco Orgnoni Non Executive Director	-	-	-	-	-
Simon Ingleson Non Executive Director	-	-	-	-	-
Stuart Usher Non Executive Director (Resigned 25 May 2020)	-	-	-	-	-
Total	13,860,000	-	-	13,860,000	-

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	
			2020	2019	2020	2019
			\$	\$	\$	\$
Group Note Holdings Pty Ltd ¹	Holding Investment company	Gianmarco Orgnoni	66,375	23,900	39,917	-

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 2020.

Voting and comments made at the Company's 2019 Annual General Meeting ("AGM")

At the 2019 AGM, 0.09% of the proxies voted against the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

TIKFORCE LIMITED

DIRECTORS' REPORT (cont.)

For the year ended 30 June 2020

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.

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:

	2020	2019
	\$	\$
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 13 for the year ended 30 June 2020.

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



Kevin Baum
Managing Director
Date: 30 September 20

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 audit of the financial statements of Tikforce Limited and Controlled Entities for the financial year ended 30 June 2020, 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 30th day of September 2020

TIKFORCE LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2020**

		30 June 2020	30 June 2019
Revenues	Note	\$	\$
Other income	4a	120,408	350,000
Interest income	4a	102	10
Total income		120,510	350,010
 Expenses			
Director and employee benefits expenses	4b	28,000	220,850
Consulting expenses	4b	3,255	157,387
Compliance and regulatory		6,538	76,999
Financial expenses	4b	211,820	828,320
Legal fees		16,358	226,104
Other expenses		29,484	122,936
Total expenses		295,455	1,632,596
 Loss before income tax		(174,945)	(1,282,586)
Income tax		-	-
Loss for the period		(174,945)	(1,282,586)
 Discontinued operations			
Loss for the period after income tax from discontinued operations	18	-	(359,804)
Loss after income tax attributable to Members of Tikforce Limited		(174,945)	(1,642,390)
Other Comprehensive Income / (Loss):		-	-
Total Comprehensive Loss for the period		-	-
Total Comprehensive Income/ (Loss) attributable to Members of Tikforce Limited		(174,945)	(1,642,390)
		Cents per Share	Cents per Share
Earnings/(loss) per share	5		
Discontinued operations loss per share for the period – cents per share		-	(0.16)
Continuing operations loss per share - cents per share		(0.016)	(0.57)
Overall Basic and diluted loss per share - cents per share		(0.016)	(2.02)

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

TIKFORCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	27,720	1,909
Trade and other receivables		-	10,222
Other assets		255	42,000
Total Current Assets		27,975	54,131
Total Assets		27,975	54,131
 LIABILITIES			
Current Liabilities			
Trade and other payables	7	534,584	922,269
Borrowings	8	200,000	2,153,726
Provisions	9	-	39,792
Other liabilities		-	225
Total Current Liabilities		734,584	3,116,012
Total Liabilities		734,584	3,116,012
Net Liabilities		(706,609)	(3,061,881)
 Equity			
Issued capital	10	11,023,854	8,493,637
Accumulated losses	11	(11,730,463)	(11,555,518)
Total Deficiency		(706,609)	(3,061,881)

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

TIKFORCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2020

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2019	8,493,637	(11,555,518)	-	(3,061,881)
Total comprehensive loss for the period	-	(174,945)	-	(174,945)
Transactions with owners in their capacity as owners:				
Issue of share capital	2,541,209	-	-	2,541,209
Costs of capital raising	(10,992)	-	-	(10,992)
At 30 June 2020	11,023,854	(11,730,463)	-	(706,609)
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)

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

TIKFORCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2020

	Note	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Cash flows from operating activities			
Receipts from customers		-	227,732
Payments to suppliers and employees		(143,008)	(1,214,405)
Research & Development Tax Incentive		-	455,028
Interest received		102	1,893
Interest paid		-	(194,829)
Refund of Bank Guarantee		42,000	-
Net cash flows used in operating activities	6	(100,906)	(724,581)
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		275,754	69,392
Repayment of borrowings		(149,037)	(23,943)
Proceeds from issue of shares and options		-	121,741
Payment of share issue costs		-	(3,264)
Net cash flows provided by financing activities		126,717	163,926
Net increase in cash and cash equivalents held		25,811	(210,655)
Add opening cash and cash equivalents brought forward		1,909	212,564
Closing cash and cash equivalents carried forward	6	27,720	1,909

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

TIKFORCE LIMITED

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 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 2020.

(a) Going concern

During the year ended 30 June 2020, the Group incurred net loss after tax of \$174,945 (30 June 2019: \$1,642,390) and a cash outflow from operating activity of \$100,906 (30 June 2019: \$724,581). As at 30 June 2020, the Group had cash and cash equivalents of \$27,720 (30 June 2019: \$1,909) and net liabilities of \$706,609 (30 June 2019: \$3,061,881).

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 various creditors to ordinary shares;
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- Letter of financial support provided by the Company’s corporate advisors that will provided sufficient funding to enable the Company to pay its debts as and when they fall due

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

Notes to the Financial Statements

(b) Basis of preparation

The financial statements are general purpose financial statements, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards. The Group is a for-profit entity for financial reporting purposes.

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. 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 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 2020 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 (u).

TIKFORCE LIMITED

Notes to the Financial Statements

(e) Revenue recognition

The Group recognises revenue when it transfers control of a product or service to a customer and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(f) 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.

(g) Operating segments

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the board of directors of the Company.

(h) 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.

TIKFORCE LIMITED

Notes to the Financial Statements

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.

(i) 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.

(j) 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 had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income.

(k) 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.

TIKFORCE LIMITED

Notes to the Financial Statements

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.

(l) Property, plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on a diminishing value basis over the estimated life of the asset which ranges between 3 and 10 years.

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 or 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.

(m) 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, 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 lives 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.

TIKFORCE LIMITED

Notes to the Financial Statements

(n) Financial Instruments

A financial asset is 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 is 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 portion of the change in fair value that relates to the entity's own credit risk is presented in OCI (unless it would create an accounting mismatch).

Impairment is measured using a 12 month expected credit loss ('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) 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.

(q) Share based payments

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

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

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

TIKFORCE LIMITED

Notes to the Financial Statements

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.

(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.

(s) 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.

TIKFORCE LIMITED

Notes to the Financial Statements

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.

(t) New Accounting Standards for Application in Future Periods

(i) Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

(ii) Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue but not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations in issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(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.

(i) 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 of 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.

(ii) 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.

(iii) Revenues from debt forgiveness

Balances disclosed in the financial statements and the notes related to debt forgiveness, are based on the management assumption of the lenders waive their right to collect the debt.

TIKFORCE LIMITED

Notes to the Financial Statements

2 PARENT ENTITY INFORMATION

	2020	2019
	\$	\$
Information relating to Tikforce Limited (the legal parent entity):		
Current assets	27,716	11,574
Total assets	27,716	11,574
Current liabilities	694,246	2,886,379
Total liabilities	694,246	2,886,379
Issued capital	11,023,792	8,492,122
Accumulated losses	(11,690,322)	(11,366,927)
Total shareholders' equity	(666,530)	(2,874,805)
Loss /(profit) of the parent entity	(323,395)	(12,116,379)
Total comprehensive loss of the parent entity	(323,395)	(12,116,379)

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 2020.

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

	CONSOLIDATED	
	2020	2019
	\$	\$
(a) Revenue from continuing operations		
Debt forgiveness ¹	120,408	-
Sale proceeds on sale of business	-	350,000
Interest Income	102	10
	120,510	350,010
(b) Expenses		
Employee benefit expense		
Director fees and salaries expenses	20,000	172,850
Company Secretary fees	8,000	48,000
	28,000	220,850
Consulting expenses		
Corporate Advisory Fees ²	(15,474)	125,454
Accounting & Audit Fees ²	18,729	31,933
	3,255	157,387
Financial expenses		
Interest	191,820	828,320
Borrowing cost	20,000	-
	211,820	828,320

¹ During the year, the boards decided to write-back the loans from Primecity (which was in trade and other payables), Odin Energy Ltd, Green Base & GCP Capital Ltd due to lenders have not made a claim over 3 years (Refer to note 8 for details).

² Creditors agreed to write off a total of \$257,390 corporate advisory and accounting fees.

TIKFORCE LIMITED

Notes to the Financial Statements

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	
	2020	2019
	\$	\$
Net loss after income tax benefit attributable to members	(174,945)	(1,642,390)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS and diluted EPS	1,092,774,685	222,757,064
Earnings per share (Cents)	(0.016)	(0.73)
Discontinued operations loss per share for the period – cents per share	-	(0.16)
Continuing operations loss per share - cents per share	(0.016)	(0.57)

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	
	2020	2019
	\$	\$
Cash at bank	27,720	1,909

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	
	2020	2019
	\$	\$
Loss after income tax	(174,945)	(1,642,390)
Non-cash items:		
Impairment expense	-	2,385
Share based payments in lieu of director fees (Note 10)	259,435	-
Share based payments on convertible note and Crossbay loan (Note 10)	260,000	-
Interest accrued on convertible note	109,000	-
Movements in assets and liabilities		
(Increase)/decrease in current trade and other receivables	-	515,599
(Increase)/decrease in other assets	-	2,945
Increase/(decrease) in trade and other payables	(554,141)	392,817
Increase/(decrease) in provisions	-	4,063
Increase/(decrease) in other liabilities	(255)	-
Cash out flow from operations	(100,906)	(724,581)

TIKFORCE LIMITED

Notes to the Financial Statements

7 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020	2019
	\$	\$
Trade payables	360,222	475,504
Other payables	24,416	10,573
Accrued auditing fee	8,000	10,060
Accrued accounting fee	-	189,021
Accrued superannuation	32,946	74,528
Accrued con note Interest	109,000	162,583
	534,584	922,269

8 BORROWINGS

	CONSOLIDATED	
	2020	2019
	\$	\$
Loan from Crossbay Pty Ltd ¹	200,000	-
Convertible notes ²	-	2,000,000
Loan from Odin Energy Ltd ³	-	50,000
Loan from Green Base ³	-	25,000
Loan from GCP Capital Ltd ³	-	25,050
Other loans	-	53,676
	200,000	2,153,726

¹ During the year, the Company entered into a loan agreement with Crossbay Pty Limited, \$200,000 was received under this facility. The key terms of the loan agreement are:

- Unsecured loan
- Loan term - 12 months
- Interest - 40,000,000 fully paid ordinary shares which equal to 20% p.a. on value of the loan
- Facilitation fee - 20,000,000 fully paid ordinary shares which equal to 10% on value of the loan

² With respect to the convertible note agreement entered by the Company during the previous year, this debt was converted into fully paid ordinary shares on 14 April 2020 upon shareholder approval.

³ Refer to note 4(a) for details.

9 PROVISIONS

	CONSOLIDATED	
	2020	2019
	\$	\$
Annual leave provision	-	39,792
	-	39,792

TIKFORCE LIMITED

Notes to the Financial Statements

10 CONTRIBUTED EQUITY

	CONSOLIDATED	
	2020	2019
	\$	\$
Issued and fully paid up capital		
2,797,696,630 (2019: 256,487,630) ordinary shares fully paid	11,023,854	8,493,637
	Number	\$
Total Shares on issue 1 July 2019	256,487,630	8,493,637
Issue of shares in return for service – consultants and advisors	21,774,000	21,774
Issued share in lieu of director fees	259,435,000	259,435
Conversion of convertible note and interest to shares	2,200,000,000	2,200,000
Issued share in lieu of interest and facilitation fee	60,000,000	60,000
Cost of capital	-	(10,992)
Total shares on issue 30 June 2020	2,797,696,630	11,023,854
Total Shares on issue 1 July 2018	193,866,177	8,359,159
Issue of shares under 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

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.

Performance Rights

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

It has been agreed by the board to proceed for shareholders to approve the cancellation of the performance rights at the 2020 Annual General Meeting.

Capital Risk Management

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

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

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

TIKFORCE LIMITED

Notes to the Financial Statements

11 ACCUMULATED LOSSES

	CONSOLIDATED	
	2020	2019
	\$	\$
Balance at beginning of year	(11,555,518)	(11,363,573)
Net (loss)	(174,945)	(1,642,390)
Share based payments transferred	-	1,450,445
Balance at end of financial year	<u>(11,730,463)</u>	<u>(11,555,518)</u>

12 INCOME TAX EXPENSE

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

	CONSOLIDATED	
	2020	2019
	\$	\$
Loss before tax from continuing operations	(174,945)	(1,642,390)
Income tax benefit calculated at 27.5%	48,110	451,657
Effect of non-deductible expenditure when calculating taxable loss	(64,350)	-
Movement in unrecognised temporary differences	(2,200)	-
Income tax benefit on tax losses not brought into account	18,440	(451,657)
Income tax attributable to operation loss	-	-
Unrecognised deferred tax balances		
Tax losses – revenue	1,162,114	1,180,554
Deductible temporary differences	-	-
Total un-recognised deferred tax assets	<u>1,162,114</u>	<u>1,180,554</u>

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.

TIKFORCE LIMITED

Notes to the Financial Statements

13 RELATED PARTY DISCLOSURE

Particulars in relation to controlled entities

Controlled entities	Country of Incorporation	Financial Reporting Date	Interest held	
			2020 %	2019 %
Tikforce Limited	Australia	30 June	100	100
Tikforce Operations Pty Ltd ²	Australia	30 June	100	100
Min – Trak Pty Ltd ¹	Australia	30 June	100	100
Misto Nominees Pty Ltd ¹	Australia	30 June	100	100
John Minerals Pty Ltd ¹	Australia	30 June	100	100

¹ Subsidiary of Tikforce Ltd

² Subsidiary of Misto Nominees Pty Ltd

14 DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel

Kevin Baum	Managing Director
Gianmarco Orgnoni	Non-Executive Director
Simon Ingleson	Non-Executive Director (Appointed 25 May 2020)
Stuart Usher	Non-Executive Director (Resigned 25 May 2020)

Aggregate remuneration of key management personnel

	CONSOLIDATED	
	2020 \$	2019 \$
Director fee and Salary	28,000	220,850
Superannuation	-	-
Total	28,000	220,850

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.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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.

TIKFORCE LIMITED

Notes to the Financial Statements

RISK MANAGEMENT

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

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

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

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

Liquidity Risk

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

Interest rate risk

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

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

Financial Instrument	Fixed Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and cash equivalents	-	-	-	-	27,720	1,909	27,720	1,909
Trade and other receivables	-	-	-	-	-	10,222	-	10,222
Other assets	-	-	-	-	255	42,000	255	42,000
Total financial assets	-	-	-	-	27,975	54,131	27,975	54,131
Weighted average interest rate	-	-	-	-	-	-	-	-
Financial liabilities								
Trade and other payables	-	-	-	-	534,584	922,269	534,584	922,269
Borrowings	200,000	2,153,726	-	-	-	-	200,000	2,153,726
Total financial liabilities	200,000	2,153,726	-	-	534,584	922,269	734,584	3,075,995

TIKFORCE LIMITED

Notes to the Financial Statements

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

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.

16 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. Carrying amounts for Parent and Australian subsidiaries are in Australian dollars so there is no day to day exposure to foreign exchange risk.

17 AUDITORS' REMUNERATION

The auditor of the entity is Criterion Audit Pty Ltd ("Criterion").

	CONSOLIDATED	
	2020	2019
	\$	\$
Amounts received or due and receivable for:		
An audit or review of the financial report of the entity and any other entity in the Group	20,000	25,000

18 DISCONTINUED OPERATIONS

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

Loss for the 12 months from discontinued operations	2020	2019
	\$	\$
Revenue	-	31,439
Other income	-	8,588
Employee benefits expense	-	(183,978)
Computer maintenance and licence fees	-	(56,393)
Occupancy costs	-	(68,409)
Legal and Consulting fees	-	(40,434)
Travel costs	-	(3,121)
Financial costs	-	(5,036)
Other	-	(42,460)
Loss for the period	-	(359,804)
Cashflows from discontinued operations		
Cashflows used in operating activities	-	(591,203)
Cashflows from investing activities	-	(218,277)
Net Cash outflows from discontinued operations	-	(809,480)

TIKFORCE LIMITED

Notes to the Financial Statements

19 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

	2020	2019
	\$	\$
Convertible notes interest paid to Group Note Holdings Pty Ltd - an entity associated with Mr G Orgnoni	66,375	23,900

20 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group had no future non-cancellable operating lease liabilities at 30 June 2020 (2019: nil).

Contingent liabilities

The Group did not have any contingent liabilities as at Balance Date.

21 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 2020 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.

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
30th September 2020

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 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 Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

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 \$174,945 and as of that date, the Consolidated Entity had a net working capital deficiency of \$706,609 and net operating cash outflows of \$100,906. 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. 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 Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the trustee, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2020, 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 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 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.

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, actions taken to eliminate threats or safeguards applied.

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 2020.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, 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

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 30th day of September 2020

TIKFORCE LIMITED

Additional Shareholders Information

NUMBER OF HOLDINGS OF EQUITY SECURITIES AS AT 31 AUGUST 2020

The fully paid issued capital of the Company consisted of 2,797,696,630 ordinary fully paid shares held by 945 shareholders. Each share entitles the holder to one vote.

There are 2,016,828,341 options over ordinary shares with an exercise price of \$0.03 and expiring on 31 October 2020 held by 110 optionholders. Options do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES AS AT 31 AUGUST 2020

Spread of holdings	Number of holders	Number of shares	% Held
1 - 1,000	417	108,767	0.00%
1,001 - 5,000	91	252,576	0.01%
5,001 - 10,000	44	353,496	0.01%
10,001 - 100,000	189	8,263,754	0.30%
100,001 - 9,999,999,999	204	2,788,718,037	99.68%
Totals	945	2,797,696,630	100.00%

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum \$500 parcel at \$0.001 per unit	1	832	31,545,376

Spread of holdings	Number of holders	Number of options	% Held
1 - 1,000	21	4,405	0.00%
1,001 - 5,000	15	45,828	0.00%
5,001 - 10,000	4	25,728	0.00%
10,001 - 100,000	20	902,547	0.04%
100,001 - 9,999,999,999	50	2,015,849,833	99.95%
Totals	110	2,016,828,341	100.00%

SUBSTANTIAL SHAREHOLDERS AS AT 31 AUGUST 2020

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial shareholder	Number of shares	% Held
Regal Funds Management Pty Limited	501,250,000	17.92
Celtic Capital Pty Ltd	220,106,760	7.86

TIKFORCE LIMITED

Additional Shareholders Information

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT 31 AUGUST 2020

Rank	Shareholder	Number of shares	% Held
1	Merrill Lynch (Australia) Nominees Pty Limited	495,145,643	17.7
2	Asymmetric Credit Partners Pty Ltd	330,000,000	11.8
3	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	220,000,000	7.86
4	Alitime Nominees Pty Ltd <Honeyham Family A/C>	183,565,062	6.56
5	Crossbay Pty Ltd	115,000,000	4.11
6	Sacco Developments Australia Pty Limited <The Sacco Family A/C>	110,000,000	3.93
7	Surf Coast Capital Pty Ltd <Minnie P/F A/C>	110,000,000	3.93
8	Mr Daniel Mailing	110,000,000	3.93
9	Mr Stuart Douglas Usher	101,200,000	3.62
10	Kilo Delta Pty Ltd <Baumstein Family A/C>	75,428,168	2.7
11	Tyrrhenian Holdings Pty Ltd <Tyrrhenian A/C>	62,150,000	2.22
12	Scintilla Strategic Investments Ltd	55,000,000	1.97
13	Mr Bryan Carr + Mrs Sharon Carr	55,000,000	1.97
14	Jimmy Fausto Caffieri + Lucia Caffieri <Caffieri Family A/C>	55,000,000	1.97
15	Gellyn Pty Ltd	54,835,000	1.96
16	Jomanian Limited	49,500,000	1.77
17	Torg Advisors Pty Ltd	45,100,000	1.61
18	Kioraku Pty Ltd <Kioraku A/C>	33,561,881	1.2
19	Fede Corporation Pty Ltd <Red Family A/C>	33,000,000	1.18
20	Mr Jon Paul Re <J P Re Family A/C>	27,500,000	0.98
	Total	2,320,985,754	82.97