

FarmaForce Limited
ACN 167 748 843

**Appendix 4E and
Full Year
Financial Results
For the Year
Ended 30 June
2016**

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ASX Appendix 4E

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.3A and Appendix 4E for FarmaForce Limited ('FarmaForce or the 'Company') for the year ended 30 June 2016 and the previous corresponding period 30 June 2015.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated results

	30 June 2016 \$000	30 June 2015 \$000	Movement Up/down	Movement%
Revenue	1,951	353	up	453%
Net Profit (loss) from ordinary activities after tax attributable to members	(3,799)	(2,051)	down	85%
Net profit (loss) for the period attributable to members	(3,799)	(2,051)	down	85%

For commentary on the results including changes in state of affairs and likely developments of the Company, see comments set out in the Directors' report (refer to page 6) and the Operating and Financial Review section (refer to page 15) of the Annual Financial Report.

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

Dividends (distributions)	Franked amount per security	Amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

OTHER INFORMATION

Statement of comprehensive income

For a statement of comprehensive income together with notes to the statement, refer to page 15 of the Annual Financial Report for details.

Statement of financial position

For a statement of financial position together with notes to the statement, refer to page 16 of the Annual Financial Report for details.

Statement of cash flows

For a statement of cash flows together with notes to the statement, refer to page 18 of the Annual Financial Report for details.

Statement of changes in equity

For a statement of changes in equity, refer to page 17 of the Annual Financial Report for details.

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Net tangible assets

Net tangible assets per security with the comparative figure for the previous corresponding period:

Current period:	1.44 cents
Previous corresponding period:	n/a

Control gained over entities having material effect

FarmaForce Limited has neither gained control nor lost control over an entity during the period which has had a material effect.

Details of associates

For details of the Company's associates, refer to page 32 of the Annual Financial Report.

Other Significant information

Apart from the information contained in the attached Annual Financial Report and elsewhere in this Appendix 4E, there is no other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position as at the reporting date.

Audited Accounts

The accounts have been audited by Fortunity Assurance and are not subject to dispute or qualification.

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farmaforce

INNOVATIVE PHARMACEUTICAL SALES

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Annual Report 2016

FARMAFORCE LIMITED ACN 167 748 843



FarmaForce Limited 2016 Annual Report Contents

For the Year Ended 30 June 2016

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Chairman's Report

On behalf of the board of directors, we are pleased to present the operational and financial review for FarmaForce Limited for the year ending 30 June 2016.

After listing on the ASX on the 27 October 2015, FarmaForce has successfully laid the groundwork required to implement the company's strategy. This approach sees the Company becoming a fully integrated strategic sales solution partner to both multi-national and local pharmaceutical companies in the Australian market. In doing so the organisation has achieved the following objectives:

- Establishment of sales teams to service our existing client contracts
- Obtained ISO Accreditation
- Positioning the organisation for organic growth opportunities
- Recruitment and retention of key people in order to effectively translate our vision into reality and
- Earning a reputation as a high quality service provider to the pharmaceutical industry in a short space of time.

The IPO raised \$5.077M in capital and with the funds invested in infrastructure to further build the company, its technology and implement the business strategy. This provided an overall strengthening of working capital to fund future growth opportunities.

Revenue for the 12 months to June 2016 was \$1.951M up 453 per cent from \$0.353M for the comparative period last year. This increase from the prior year is a result of the continued implementation of our business development strategies. The pre-tax loss for the period was \$3.799M against a pre-tax loss of \$2.051M in the prior corresponding period, and cash flow from operating activities being (\$3.588M) and (\$1.912M) respectively. The expenditure in the current year represents essential expenditure to meet the business objectives as stated in the prospectus.

Net assets as of 30 June 2016 were \$1.840M compared to (\$1.666M) at 30 June 2015 and cash balances were \$1.541M compared with \$1.206M at the same time last year.

Our leadership team, led by an aspirational and committed group of executive management and board members, is committed to building the FarmaForce business and consistently adding value to our clients, shareholders and employees.



George Elias

Chairman

Date: 29th August 2016

Directors' Business Review

The FarmaForce story began in early 2014 with a single objective; to become the number one partner of choice to the pharmaceutical industry for outsourced sales solutions. To achieve this, we had to ensure we could deliver excellence and innovative solutions for the duration of the business partnership with each client.

Therefore, when we developed our business strategy, it was critical that our value proposition should not be about providing cheaper labour to the pharmaceutical industry, but rather about delivering a more valuable, cost effective and long term strategic solution. It's essential to the long term success of FarmaForce that we forge capability-driven, strategic partnerships rather than simply "spillover", capacity driven, short term transactions.

We were confident then, as we are now, that the FarmaForce value proposition would resonate with the industry executives, as it did.

Pharma industry challenges

During the last few years, the pharmaceutical industry has undergone significant transformation and continues to be in a state of flux even today. This is due to many patent protected pharmaceuticals losing their sales exclusivity period resulting in fierce, price driven, competition with the generic manufacturers. This has translated to significant revenue and profitability loss for the innovative pharma industry.

The FarmaForce solution

FarmaForce offers a credible and viable solution to address this challenge on a consultative basis with FarmaForce acting as a complement to the internal team. Importantly, these sales can be achieved on behalf of our clients, without the client needing to increase internal resourcing and/or infrastructure.

Post FarmaForce listing on the ASX in October last year, the team embarked on implementation of the company's strategy to become an integrated strategic partner to both the international and local pharmaceutical companies in the Australian market place.

FarmaForce business development process

The FarmaForce business development strategy is deliberate and is built on the belief of insight based business development practice. Our Business Development Managers lead the process with informed ideas that will make customers aware of unknown needs. To do this, we ask ourselves - is the customer facing an emerging need? Or are they in a state of organisational flux? Regardless of whether it's due to external pressures, regulatory reforms, financial conditions or internal pressures – the customer is re-examining the status quo, they are looking for insights and are receptive to creative and disruptive ideas being brought to the table.

The FarmaForce business development team engages customers at an early stage; we seek out a very different set of stakeholders, preferring sceptical change agents over friendly informants. We will then work with these change agents, educating them on how to buy, rather than grill them about their company's purchasing process. We lead with well-informed insights leading the customer to an innovative solution as opposed to selling a quick fix.

In most of our partnerships we realise the initial project is usually a pilot project where the client needs to build trust and confidence in the FarmaForce team. The business development cycle within the pharmaceutical industry is quite protracted; it is not unusual for a potential deal to take up to nine months to convert into a contract enabling the infield deployment of the FarmaForce team. Hence, potential business deals that may currently be under discussion will potentially convert into contracts in the next nine to twelve months. When considering invoicing cycle timeframe, another 90 days are accrued. So actually, today's potential business deals may translate into revenue in 12 to 15 months. Typically, this explains the apparent disparity between OPEX and revenue.

FarmaForce Sales Force Effectiveness (SFE)

FarmaForce has been very confident about both its ability and capability to deliver on its value proposition and has therefore voluntarily engaged a third party data provider, IMS health, to monitor various Sales Force Effectiveness (SFE) metrics on a monthly basis.

Indicatively, see the results below which have been consistent across the year.

- July 2016 FarmaForce ranking – #12 Overall Rep Performance (All other companies in the list of 20 are multinational pharmaceutical companies)
- July 2016 FarmaForce ranking – #1 Overall Rep Performance compared to the other contract sales organisations

FarmaForce learning and development

We acknowledge that as a company we cannot be better than our people, so we maintain a consistent and systematic focus on learning and development. Whether it's a new medication, biologic or synthetic chemistry, a medical device or a patient service, we will ensure that we know everything about the product, the therapeutic area and the competition, prior to attempting to promote it to healthcare practitioners.

Every new sales team we create and every new member that joins us must learn this curriculum. Every new product that comes to life in our business, is a learning and development opportunity.

FarmaForce medical affairs business unit

At FarmaForce we have the aptitude and experience which goes beyond mere sales and what is formally required of us from our clients, we routinely exceed our client's expectations. As members of Medicines Australia, we ensure that the highest standards of compliance and medical governance are met. We have an in-house medical team and proactively deal with challenges such as pharmacovigilance, medical writing, medical education to reps or compliance approval of promotional material for our clients. We also have the ability to manage anything else that may come our way in the routine conduct of our business.

FarmaForce Human Capital Business Unit

When it comes to our people we don't believe in virtual solutions. We have a "real" human capital business unit with real people, bringing real world pharma experience to our enterprise. Our in-house team of human capital specialists ensure that our human capital strategy and policies, are at least on par with our pharma partners, with an emphasis on staff recruitment, retention, training, learning and development, talent management and career advancement.

FarmaForce Innovative Business and Revenue Model

At FarmaForce we have transitioned beyond traditional outsourcing solutions and our business model forges true strategic partnerships with our clients.

The novel way we structure our deals with business partners, the definition of the desired outcome and expectations from partnership is what translates into sales effectiveness and creates bilateral value. It's the result that counts, not just the effort. Hence our revenue model transcends the typical fee for service model.

FarmaForce Novel and Innovative Business Tools

This freedom to operate outside the typical constraints through our service model allows us to create and deploy innovative marketing, promotional and educational tools that result in higher return on investment, whilst simultaneously maintaining compliance with the Medicines Australia code of conduct.

FarmaForce Statistics

For the twelve-month period leading to Q3 2016, the FarmaForce headcount has increased 45 per cent, our client base increased by 250 per cent and we are now working across seven therapeutic areas. We primarily work across three channels; primary care, specialty and pharmacy. Market research that we commissioned from an independent agency benchmarking the FarmaForce reputation has shown; ***awareness is good, our handpicked high calibre team has a track record of success within the industry, we are focused on quality and add value by offering additional services supporting the effectiveness of sales teams, we are a fresh new face in the market and clients want FarmaForce to succeed.***

At FarmaForce we make a significant financial and resource investment into quantifying the processes that make a difference to our effectiveness and performance.

FarmaForce has now earned its place within the Australian market place and is considered a valued business partner by industry participants and more importantly, it has built the ability to attract and retain excellent talent in our people. The quality of potential clients and the deal flow prospects have never been better and FarmaForce is ideally positioned to capitalise on this.



Dr George Syrmalis

Director – for and on behalf of the Board

Date: 29th August, 2016

Corporate Governance Statement

30 June 2016

FarmaForce Limited and the board are committed to achieving and demonstrating the highest standard of corporate governance. FarmaForce Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council

The 2016 corporate governance statement is dated as at 30th June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 29th August 2016. A description of the Company's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <http://farmaforce.com.au/why-invest-2/>

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Directors' Report

30 June 2016

The directors present their report on FarmaForce Limited for the financial year ended 30 June 2016.

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Daniel Morato

General Manager (Executive Director) until 23/11/15

Qualifications

Bachelor of Pharmacy

Experience

Board member since 7/04/2015 until 23/11/15. Prior to joining the Company, Daniel enjoyed a career in the pharmacy industry that spanned over twenty years. Much of this time was spent as a pharmacy proprietor and advisor. Establishing and managing numerous pharmacies during his career has given Daniel an in-depth understanding of the market challenges and drivers facing the pharmacy industry, medical services industry and pharmaceutical industry as a whole.

Daniel has also advised a number of pharmaceutical organisations on the management of changing market conditions.

He has consulted on effective market penetration for new products, advised on managing competition and forming defence strategies, against generic products.

Interest in shares and options

500,000 Ordinary Shares and 500,000 Loyalty Options as at date of ceasing to be director

Special responsibilities

General Manager until 23/11/15

George Elias

Director (Independent non-executive)

Qualifications

Bachelor of Commerce (University of New South Wales), Diploma of Financial Planning (Dip. FP), Member CPA Australia, ASIC RG 146 Compliant (Securities), Certified Financial Planner® member of the Financial Planning Association of Australia.

Experience

Board member since 2/04/2015. George has over 30 years' experience in providing accounting and business advisory services. During this period, he has been involved in providing taxation and business advice to small and medium sized enterprises, including business structuring, cash-flow forecasting, taxation and superannuation structure support and advice.

George is currently the principal at Elias Financial Services and has been providing financial and accounting advice as principal since July 1991. His business and financial acumen, coupled with his experience in dealing with a variety of challenges in different business environments gives him the necessary skills to chair the Board and provide strategic leadership to face any challenges that may arise.

Interest in shares and options

125,000 Ordinary Shares and 125,000 Loyalty Options

Special responsibilities

Chairman of the Board, Member of the Remuneration and Nomination Committee and Audit and Risk Committee

Directors' Report (continued)

30 June 2016

Stamatia Tolia	Director (Independent non-executive)
Qualifications	Bachelor of Science (Nursing), Masters Degree (Mental Health), Member Nurses Association (Greece).
Experience	<p>Board member since 2/04/2015. Stamatia currently resides in Athens, Greece. She is a qualified nurse and has studied at a Masters level in the field of mental health.</p> <p>Stamatia currently works as a research nurse in a mental health organisation where she has been employed for the past year and a half. She is currently undertaking studies for her PhD at The National Kapodistrian University of Athens and is expected to further develop expertise in Quality Use of Medicines (QUM) principles. Although Stamatia has no experience in managing companies, it is contemplated that the Company will be able to benefit from her understanding of international standards of QUM principles.</p> <p>Furthermore, her understanding of the practice of the delivery of pharmacological therapy combined with the quality use of medicine principles creates a unique opportunity to drive the Company's strategies and sequential service offering.</p>
Interest in shares and options	NIL
Special responsibilities	Member of the Remuneration and Nomination Committee and Audit and Risk Committee
Con Tsigounis	Director (Non-executive)
Qualifications	Member of the Australian Institute of Company Directors
Experience	<p>Board member since 28/01/2014, resigned 2/04/2015 and reappointed on 22/06/2015. Con is a current Executive Director and Head of Investor relations at iQnovate Ltd.</p> <p>Con has over 20 years of experience in business and investor relations, specifically in the wholesale and retail sectors. As a member of the Board of iQnovate Ltd since its inception, Con has been responsible for executing that company's investor relations and capital raising strategy. His experience in Shareholder relationship management gives him the necessary skillset to assist the Company attain its corporate objectives.</p>
Interest in shares and options	NIL
Special responsibilities	Member of the Remuneration and Nomination Committee and Audit and Risk Committee
Other directorships in listed entities held in the previous three years	iQnovate Ltd

Directors' Report (continued)

30 June 2016

Dr George Syrmalis	Director (Non-executive)
Qualifications	Trained in Nuclear Medicine-radiation immunology
Experience	Board member from 28/01/2014 to 2/04/2015, Dr Syrmalis was reappointed to the Company board on 24/11/15. Dr Syrmalis founded and led as CEO and Chairman of The Bionuclear Group SA, (1995 -2005) incorporating Antisoma SA, Bionuclear Institute of Diagnosis and Therapy SA, Bionuclear Research and Development SA and Vitalcheck SA.
Interest in shares and Options	10,000 ordinary shares
Other directorships in listed entities held in the previous three years	Chairman and Executive Director of iQnovate Ltd, Executive Director of iQX Limited

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of FarmaForce Limited during the financial year was the provision of services as a contract sales organisation.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to \$3,799,018 compared to a loss of \$ 2,051,222 in 2015.

Dividends paid or recommended

There were no dividends paid or declared during the current or previous financial year.

Directors' Report (continued)

30 June 2016

3. Other items

Significant changes in state of affairs

The Company successfully listed on the ASX on 27th October 2015 via an IPO which raised \$5.077m.

Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
George Elias	6	6
Daniel Morato	5	5
StamatiaTolias	6	5
Con Tsigounis	6	6
George Syrmalis	1	1

Directors' Report (continued)

30 June 2016

Committee membership

As at the date of this report, the Company had an audit and risk management committee and a remuneration and nomination committee.

Members acting on the committees of the board during the year were:

<i>Audit and risk management committee</i>	<i>Remuneration and nomination committee</i>
George Elias	George Elias
Stamatia Tolia	Stamatia Tolia
Spiro Kevin Sakiris	Con Tsigounis

Events after reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

Likely Developments and Expected Results

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

Environmental issues

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

Indemnification and insurance of officers and auditors

During or since the end of the financial year, the company has entered into agreements to indemnify Directors, and paid \$16,456.45 in insurance premiums for Directors & Officers insurance which includes cover for this indemnification.

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.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2016 has been received and can be found on page 14 of the financial report.

Directors' Report (continued)

30 June 2016

4. Remuneration Report

Remuneration Policy

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Company in general meetings to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate maximum remuneration for non-executive Directors currently determined by the Company is \$300,000 per annum at the date of this report.

Directors who also chair the Audit Committee shall be entitled to further director's fee of an additional \$5,000. In addition, non-executive Directors will be entitled to be reimbursed for properly incurred expenses including time costs attending to the business of the company.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

The remuneration policy of FarmaForce Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of FarmaForce Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the group, as well as create goal congruence between Directors, executives and shareholders.

The performance of KMP is measured against criteria agreed biannually with each executive. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to KMP is valued at the cost to the company and expensed.

Performance-based Remuneration

The Key Performance Indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Company believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short term and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, FarmaForce Limited bases the assessment where appropriate on audited figures, however, in circumstances where the KPI involves comparison of the Company or a division within the Company to the market, independent reports may be obtained from organisations such as Standard & Poors. The use of such figures reduces any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Company at this time.

Directors' Report (continued)

30 June 2016

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for executive Directors and other senior executives are set out in formal service agreements as summarised below.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Remuneration details for the year ended 30 June 2016

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	cash salary fees \$	short term		director fee \$	post	\$
		bonus \$	car allowance \$		employment pension and superannuation \$	
2016						
Directors						
George Elias	29,669	-	-	-	2,818	32,487
Stamatia Tolia	32,487	-	-	-	-	32,487
Daniel Morato*	76,847	-	-	-	7,300	84,147
	139,003	-	-	-	10,118	149,121

* Daniel Morato resigned from the company on 23 November 2015

	cash salary fees \$	short term		director fee \$	post	\$
		bonus \$	car allowance \$		employment pension and superannuation \$	
2015						
Directors						
George Elias	-	-	-	-	-	-
Stamatia Tolia	-	-	-	-	-	-
Daniel Morato*	168,000	-	-	-	15,960	183,960
	168,000	-	-	-	15,960	183,960

Directors' Report (continued)

30 June 2016

5. Remuneration report (continued)

Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

KMP related party transactions

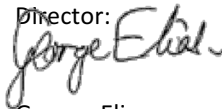
The Group undertook the following transactions with:

- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence, during the reporting period.

This is disclosed as under the related party disclosure note as per note 18 to the annual financial statements.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:



George Elias

Dated this 29th day of August 2016

Auditor's Independence Declaration

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of FarmaForce Limited

As lead auditor for the audit of FarmaForce Limited for the financial year ended 30 June, 2016, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

FORTUNITY ASSURANCE



TR Davidson
Partner

Dated: 31 August, 2016

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	3	1,950,840	352,683
Other income		41,145	27
Cost of Goods sold		(2,670,861)	(595,144)
Employee benefits expense	4	(1,008,639)	(490,548)
Depreciation and amortisation expense	4	(38,538)	(19,584)
Office sharing costs		(691,820)	(627,705)
IPO and listing costs		(82,754)	-
Other expenses		(1,296,452)	(483,390)
Finance costs	4	(1,939)	(187,561)
Loss before income tax		(3,799,018)	(2,051,222)
Income tax benefit			-
Loss for the year		(3,799,018)	(2,051,222)
Other comprehensive income, net of income tax			
Other comprehensive income for the year		-	-
Total comprehensive income		(3,799,018)	(2,051,222)
Earnings per share			
Basic earnings per share (cents)	13	(4.34)	n/a
Diluted earnings per share (cents)	13	(4.34)	n/a

Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,541,546	1,206,008
Trade and other receivables	7	368,606	294,145
TOTAL CURRENT ASSETS		1,910,152	1,500,153
NON-CURRENT ASSETS			
Trade and Other receivables	7	380	-
Property, plant and equipment	8	240,259	153,179
Deferred Tax Assets		-	-
Investment in Associate	17	269,000	-
TOTAL NON-CURRENT ASSETS		509,639	153,179
TOTAL ASSETS		2,419,791	1,653,332
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	579,665	265,817
Borrowings	10	-	2,903,961
Other liabilities	11	-	149,579
TOTAL CURRENT LIABILITIES		579,665	3,319,357
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		579,665	3,319,357
NET ASSETS/(DEFICIENCY)		1,840,126	(1,666,025)
EQUITY			
Issued capital	12	8,068,859	1
Convertible Notes		-	854,463
Capital raising costs		-	(90,774)
Accumulated losses		(6,228,733)	(2,429,715)
TOTAL EQUITY		1,840,126	(1,666,025)

Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Shares capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	763,690	(2,429,715)	(1,666,025)
Loss for the year	-	(3,799,018)	(3,799,018)
Total comprehensive income for the year	-	(3,799,018)	(3,799,018)
Share issued during the year	5,459,545	-	5,459,545
Convertible notes	2,903,961	-	2,903,961
Capital raising costs	(1,058,337)	-	(1,058,337)
Balance at 30 June 2016	8,068,859	(6,228,733)	1,840,126

2015

	Shares capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2014	134,488	(378,493)	(244,005)
Loss for the year	-	(2,051,222)	(2,051,222)
Total comprehensive income for the year	-	(2,051,222)	(2,051,222)
Convertible notes	719,976	-	719,976
Capital raising costs	(74,633)	-	(74,633)
IPO listing costs	(16,141)	-	(16,141)
Balance at 30 June 2015	763,690	(2,429,715)	(1,666,025)

Statement of Cash flows

For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,921,504	295,891
Payments to suppliers and employees	(5,549,008)	(2,208,012)
Interest paid	(1,939)	(160)
Interest received	41,145	-
Net cash (used in) operating activities	19 (3,588,298)	(1,912,281)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	594
Purchase of property, plant and equipment	(125,618)	(77,422)
Investment in associates	(269,000)	-
Net cash (used in) investing activities	(394,618)	(76,828)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	5,459,545	-
Proceeds from the issue of convertible notes	-	3,385,500
Capital raising costs – convertible notes	(1,058,337)	(364,109)
IPO listing costs	(82,754)	(16,141)
Net cash provided by financing activities	4,318,454	3,005,250
Net increase in cash and cash equivalents held	335,538	1,016,141
Cash and Cash equivalents at beginning of year	1,206,008	189,867
Cash and Cash equivalents at end of financial year	6 1,541,546	1,206,008

Notes to the Financial Statements

For the Year Ended 30 June 2016

The financial report covers FarmaForce Limited as an Individual entity. FarmaForce Limited is a for-profit Company, incorporated and domiciled in Australia.

The functional and presentation currency of FarmaForce Limited is Australian dollars.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable/(recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

2. Summary of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised other comprehensive income or equity respectively.

(b) Leases

Lease payment for operating lease, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably. It is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of the revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Other income

Other income is recognised on an accruals basis when the company is entitled to do it.

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a part of receivables or payables in the statement of the financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

2. Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the assets is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the assets, where applicable.

Plant and Equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight basis over the assets useful life to the company, commencing when the assets is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10% to 33%
Furniture, Fixtures and Fittings	5% to 33%
Leasehold improvements	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the company becomes party to the contractual provisions of the instrument.

On the initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit and loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available for sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to

the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

2. Summary of Significant Accounting Policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

2. Summary of Significant Accounting Policies (continued)

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available –for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

2. Summary of Significant Accounting Policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB119.

(j) Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

AASB 15 Revenue from Contracts with Customers

This standard and its consequential amendments to other standards are applicable to annual reporting periods beginning on or after 1 January 2017. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the performance obligations associated with the provision of those goods or services. For goods, the performance obligation is satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided.

Although the directors anticipate that the adoption of AASB15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

3. Revenue and Other Income

	2016 \$	2015 \$
Revenue from continuing operations		
Sales revenue		
- provision of contract revenue	1,914,476	502,921
- shared services revenue	36,364	-
- income invoiced for services not yet completed at year end	-	(150,238)
Net Revenue Invoiced	1,950,840	352,683
Other Income		
- Net gain on disposal of property, plant and equipment	-	27
- Finance income-Other interest received	41,145	-

4. Result for the Year

	2016 \$	2015 \$
The result for the year was derived after charging/(crediting) the following items:		
Finance Costs		
Financial liabilities measured at amortised cost:		
- Other interest expense	1,939	160
- interest on convertible notes	-	187,401
Total finance costs	1,939	187,561
The result for the year includes the following specific expenses:		
Other expenses:		
Employee benefits expense	1,008,639	490,548
Depreciation expense	38,538	19,584

5. Income tax expense

	2016 \$	2015 \$
(a) Reconciliation of income tax benefit to accounting profit:	(3,799,018)	(2,051,222)
Profit	30%	30%
Tax benefit	(1,139,706)	(753,666)
Add tax effect of:		
Expenditure not allowable for income tax purposes	22,092	-
Fixed asset timing differences	58,466	-
Recognition of prior year tax losses	(804,773)	-
Adjustment to deferred tax liability	19,022	-
Deferred tax assets not brought to account	1,844,899	753,666

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

6. Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank and on hand	1,541,546	1,206,008

7. Trade and other receivables

CURRENT	2016	2015
	\$	\$
Trade receivables	216,415	209,332
Prepayments	99,550	47,674
Related party receivables	29,383	-
Other receivables	23,258	37,139
Total current trade and other receivables	368,606	294,145
NON-CURRENT		
Deposit	380	-
Aging analysis of trade receivables:		
Neither past due, nor impaired:		
Current	81,238	176,198
Past due, but not impaired		
1-30 days over standard terms	11,258	33,134
61+ days over standard terms	123,919	-
Net trade receivables	216,415	209,332

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

8. Property, plant and equipment

	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	105,262	85,407
Accumulated depreciation	(33,658)	(10,643)
Total plant and equipment	71,604	74,764
Furniture, fixtures and fittings		
At cost	35,316	13,588
Accumulated depreciation	(4,844)	(1,844)
Total furniture, fixtures and fittings	30,472	11,744
Leasehold Improvements		
At cost	158,011	73,977
Accumulated depreciation	(19,828)	(7,306)
Total leasehold improvements	138,183	66,671
Total plant and equipment	240,259	153,179
Total property, plant and equipment	240,259	153,179

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Furniture, Fixtures and Fittings	Improvement	Total
	\$	\$	\$	\$
Year ended 30 June 2016				
Balance at the beginning of year	74,764	11,744	66,671	153,179
Additions	19,855	21,728	84,034	125,617
Depreciation expense	(23,015)	(3,000)	(12,522)	(38,537)
Balance at the end of the year	71,604	30,472	138,183	240,259
Year ended 30 June 2015				
Balance at the beginning of year	17,785	8,981	69,145	95,911
Additions	67,579	4,568	5,275	77,422
Disposals - written down value	(109)	-	(460)	(569)
Depreciation expense	(10,491)	(1,805)	(7,289)	(19,585)
Balance at the end of the year	74,764	11,744	66,671	153,179

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

9. Trade and other payables

	2016 \$	2015 \$
CURRENT		
Unsecured liabilities		
Trade payables	151,918	22,318
Employee benefits	75,344	45,508
Related party payables	46,897	7,333
Sundry payables and accrued expenses	192,419	-
Other payables	113,087	190,658
	<u>579,665</u>	<u>265,817</u>

10. Borrowings

	2016 \$	2015 \$
CURRENT		
Unsecured liabilities: Convertible notes	-	2,903,961

During the year ended 30 June 2016, the Company successfully listed on the Australian Stock Exchange. At this date, the outstanding convertible notes were converted to ordinary shares in the Company.

11. Other liabilities

	2016 \$	2015 \$
CURRENT		
Amounts Invoiced for services not yet completed at year end	-	149,579

12. Issued Capital

	2016 \$	2015 \$
(2015: 1) Ordinary shares	<u>\$8,068,859</u>	<u>\$1</u>

Movements in ordinary share capital

	No.	\$
Opening balance 1 July 2014	1	1
Closing balance at 30 June 2015	1	1
Shares issued during the year:		
Conversion of notes previously classified as equity	-	763,689
Conversion of notes previously classified as a liability	19,302,500	2,903,961
Issues of shares	108,198,479	5,459,545
Less: Transaction costs arising on shares issued	-	(1,058,337)
	<u>127,500,980</u>	<u>\$8,068,859</u>

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Loyalty options

The Company has 19,302,500 Loyalty options on issue exercise-able at 20c each between 24 to 36 months after the date of admission of the Company's shares to the Official List of the ASX. The option holders must be holding the underlying shares, being one share for one option, to be able to exercise the option.

13. Earnings per Share

	2016	2015
	\$	\$
(a) Reconciliation of earnings to profit or loss from continuing operations		
Profit from continuing operations	(3,799,018)	(2,051,222)
(b) Earnings used to calculate overall earnings per share		
Earnings used to calculate overall earnings per share	(3,799,018)	(2,051,222)
	No.	No.
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	87,439,197	1

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

14. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Market risk – currency risk and price risk
- Credit risk
- Liquidity risk

Financial Instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
	\$	\$
Financial assets		
Cash and cash equivalents	1,541,546	1,206,008
Trade and other receivables	269,056	246,471
Total financial assets	1,810,602	1,452,479
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables	311,902	220,309
- borrowings	-	2,903,961
Total financial liabilities	311,902	3,124,270

Objectives, policies and processes

Risk management is carried out by the Company's Board of Directors. The Finance Committee has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company. These policies and procedures are then approved and tabled by the Board of Directors.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

14. Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30 days period.

At the reporting date, these reports indicate that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

	Within 1 Year		Total	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	311,902	220,309	311,902	220,309
Borrowings	-	2,903,961	-	2,903,961
Total financial liabilities due for payment	311,902	3,124,270	311,902	3,124,270
Financial assets – cash flows realisable				
Cash and cash equivalents	1,541,546	1,206,008	1,541,546	1,206,008
Trade and other receivables	269,056	246,471	269,056	246,471
Total financial assets – cash flows realisable	1,810,602	1,452,479	1,810,602	1,452,479

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

14. Financial Risk Management (continued)

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk of liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets describe as 'trade and other receivables' is considered to be the main source of credit risk related to the company.

Sensitivity analysis

There are currently no interest bearing loans at variable interest rates.

15. Remuneration of Auditors

	2016 \$	2015 \$
- auditing or reviewing the financial statements	<u>15,000</u>	<u>4,000</u>

16. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

17. Investment in Associate

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
New Frontier Holdings LLC ¹	USA	20	-

¹The Company acquired 20% interest in New Frontier Holdings. At the reporting date, the fair value of the net assets of the investee was \$1,413,338 and paid-up capital \$1,413,338.00.

	\$
Consideration paid	269,000
Share of net assets acquired	269,000

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

18. Related Parties

(a) The Company's main related parties are as follows:

(i) *Entities exercising control over the company:*

The ultimate parent entity, which exercises control over the company, is iQnovate Ltd which is incorporated in Australia and owns 70.59% of FarmaForce Limited.

In relation to iQnovate Ltd, Dr. George Syrmalis is CEO, Chairman, Executive Director and a substantial shareholder and Mr. Con Tsigounis is Executive Director and a substantial shareholder of iQnovate Ltd.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Key management personnel remuneration included within employee expenses for the year is shown below:

	2016	2015
	\$	\$
Short-term employee benefits	139,003	168,000
Post-employment benefits	10,118	15,960
	<u>149,121</u>	<u>183,960</u>

(b) Transaction with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Revenue - office sharing costs	Expenditure - office sharing costs	Company secretarial fee	Consulting fee	Other transaction and administrative costs*	Balance Outstanding	
	\$	\$	\$	\$	\$	Owed by the company	Owed to other company
2016							
Parent	18,182	573,232	-	-	229,324*	-	-
Related parties	18,182	118,588	36,000	30,811	975,693*	5,342	28,707
2015							
Parent	627,705	-	-	-	-	940	-
Associates	-	40,000	18,000	350,958	-	6,392	17,600

*Transactions described as Other transactions comprise of:

Recruitment fees (parent)	\$229,324
Underwriting fees (related parties)	\$150,000
Capital raising fees (related parties)	\$825,693

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2016

19. Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Loss for the year	(3,799,018)	(2,051,222)
Cash flows excluded from profit attributable to operating activities		
IPO listing cost	82,754	-
Non-cash flows in profit:		
- depreciation	38,538	19,584
- net gain on disposal of property, plant and equipment	-	(27)
- interest on convertible notes	-	187,401
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(74,841)	(265,467)
- (increase) in deferred tax assets	-	-
- (decrease) in deferred tax liabilities	-	-
- increase/(decrease) in income in advance	(149,579)	149,579
- increase/(decrease) in trade and other payables	313,848	47,871
Net cash used in operating operations	<u>(3,588,298)</u>	<u>(1,912,281)</u>

20. Segment reporting

The Company has identified its operating segment based on internal reporting that is reviewed and used by the COO in assessing the performance of the segment.

The operating segment is identified by management based on the nature of services provided. The services provided by FarmaForce are contract sales with the business representing a strategic position that serves a unique segment of the market in Australia.

All revenues disclosed in the Financial Statements are from external customers in current year and prior year.

21. Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. Company Details

The registered office of and principal place of business of the company is:

FarmaForce Limited

Level 3, 222 Clarence Street

SYDNEY NSW 2000

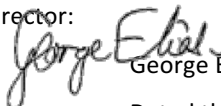
Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company.
2. In the director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director:


George Elias

Dated this 29th day of August 2016

Independent Audit Report to the members of FarmaForce Limited

ACN 167 748 843

Report on the Financial Report

We have audited the accompanying financial report of FarmaForce Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Iqnovate Limited would be in the same terms if provided to the Directors as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARMAFORCE LIMITED

ACN 167 748 843

Auditor's Opinion

In our opinion:

- (a) the financial report of FarmaForce Limited 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 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Auditor's Opinion

In our opinion the Remuneration Report of FarmaForce Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

FORTUNITY ASSURANCE



TR Davidson

Partner

Dated: 31 August, 2016

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 July 2016:

a) Distribution of equity securities

Ordinary share capital

127,500,980 fully paid ordinary shares are held by 460 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares
1 – 1,000	1
1,001 – 5,000	11
5,001 – 10,000	152
10,001 – 100,000	207
100,001 and over	89
	<hr/> 460 <hr/>

b) Substantial Shareholders

Shareholder	Fully Paid	
	Number	Percentage
iQnovate Ltd	90,000,000	70.59%

ASX Additional Information (continued)

c) Twenty largest holders of quoted equity securities

Ordinary Shareholders	Fully Paid	
	Number	Percentage
iQnovate Ltd	90,000,000	70.59
Priority One Group Pty Ltd	2,775,000	2.18
BASIM Finance Pty Ltd	1,500,000	1.18
iQ3 Corp Ltd	1,275,009	1.00
Colin J. Odams Pty Ltd	1,000,000	0.78
Achelles Nominees Pty Ltd	930,000	0.73
Mr Yaochang Wang	844,333	0.66
Franze Holdings Pty Ltd	833,333	0.65
Jennifer Ellen Stapleton	750,000	0.59
Asgard Capital Management Ltd	667,000	0.52
Mr James Simos & Mrs Christina Simos	535,890	0.42
Pharmlou Pty Ltd	500,000	0.39
Bartlem Pty Ltd	500,000	0.39
Si Jia Corp Pty Ltd	500,000	0.39
Wade Peter Burns & Rebecca Louise Burns	500,000	0.39
Daniel Morato & Sally Morato	500,000	0.39
Lien Pty Ltd	495,000	0.38
Karantzias Investments Pty Ltd	451,000	0.35
Mr Min-Chung Yu	407,500	0.32
Mr Zhenyu He	375,000	0.29
Total	105,339,065	82.62

d) Consistency with business objectives

In accordance with ASX Listing Rule 4.10.19 the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The Company believes it has used its cash in a consistent manner to which was disclosed under the Prospectus dated 10 August 2015.

e) Restricted Securities

Escrowed Shares

As at the date of this report, 91,575,010 of the Company's ordinary shares are classified as restricted and are subject to restrictions on sale and other dealings for a period of 24 months from the date of official quotation. The 24 month period will expire on 27 October 2017.

Loyalty Options

As at the date of this report, the Company has 19,302,500 Loyalty options on issue exercisable at 20c each between 24 to 36 months after the date of admission of the Company's shares to the Official List of the ASX. Out of these options, 900,000 are subject to restrictions on sale and other dealings for a period of 24 months from official quotation of the Company's shares on the ASX.

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farmaforce

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