

31 JANUARY 2017

## Quarterly Report for the period ending 31 December 2016

**TikForce Limited** (ASX: TKF, 'the Company') is pleased to provide the following update on its activities for the quarter ended 31<sup>st</sup> December 2016.

The Company has made significant progress in the past quarter towards the commercialisation of its workforce compliance and management platform (Tikforce Platform).

Accordingly, the Commercial Agreements detailed below and current negotiations with additional clients (refer to ASX January 2017 announcements) now puts the Company in a strong position for securing significant revenue opportunities over the next six months .

### Commercial agreements and revenue opportunity

TikForce has signed several strategic deals and partnerships in the human resources and labour hire markets in the period. These agreements are summarised below and have the potential to provide a recurring and substantial revenue stream for the Company.

- the Australian arm of global insurance and risk management services firm, **Arthur J Gallagher (AJG)**, to offer a new insurance solution as part of the Company's newly launched ride-share validation system, TikRide.
- **Strategic Human Resources Pty Ltd (SHR)** to combine SHR's Human Resources and Employee Relations consulting services and capabilities, with TikForce's Human Resource database and validation platform;
- a Memorandum of Understanding with New Zealand digital signature provider **Secured Signing Limited (SSL)** to integrate the SSL signature verification product into the TikForce platform; and whereby SSL provides Software as a Service platform, which utilises their secure digital signature technology to enable the customisation of a full range of eForm and eSignature capabilities; and

#### TikForce Limited

Suite A7, 435 Roberts Rd,  
Subiaco, WA 6008

p 1800 732 543  
e info@tikforce.com  
w tikforce.com

abn 74 106 240 475

For personal use only

partnership arrangements with UK Headquartered, global recruitment technology provider, First Choice Software, part of the Access Group. First Choice, with locally positioned offices in both Singapore and Brisbane, are now ideally placed to serve the APAC

- region. The TikForce system will be integrated into the First Choice’s “RDB ProNet” recruitment software marketplace extending a low cost verification and compliance solution to clients, globally, using the RDB platform.

### Capital Structure

During the quarter the Company:

- Issued a placement to sophisticated investors for \$500,000 that comprised the issue 10,000,000 FPO at \$0.05 each and a free attaching option, with an exercise price of \$0.11 and a maturity date of 31 May 2018; and
- Completed a rights issue based on the record date of 23 November 2016, for 1,722,094 FPO at \$0.05 each and attached to every 2 new FPO was a free option, with an exercise price of \$0.11 and a maturity date of 31 May 2018; and

As a result of the placement and the rights issue, the Company has on issue the following securities:

Description	Number of securities	Conditions precedent
FPO	128,402,933	Available for trade
	40,806,522	Escrowed 24 Months from date of re - quotation
	1,000,000	Escrowed 12 months from date of original issue
	27,220,960	Options available for trade - exercisable at \$0.11 each on or before 31 May 2018.
Options	20,450,000	Escrowed options, 24 Months from date of re – quotation, exercisable at \$0.11 each on or before 31 May 2018.
Performance based FPO	8,000,000	<b>A Performance Share Milestone</b> will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users
	12,000,000	<b>B Performance Share Milestone</b> will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users.
	16,000,000	<b>C Performance Share</b>

#### TikForce Limited

Suite A7, 435 Roberts Rd,  
Subiaco, WA 6008

p 1800 732 543  
e info@tikforce.com  
w tikforce.com

abn 74 106 240 475

For personal use only

For personal use only

	2,000,000	<p><b>Milestone</b> will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users.</p> <p><b>D Performance Share Milestone</b> will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$75,000 per quarter for 2 consecutive quarters.</p>
	2,000,000	<p><b>E Performance Share Milestone</b> will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$375,000 per quarter for 2 consecutive quarters.</p>
	1,000,000	<p><b>F Performance Share Milestone</b> will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$750,000 per quarter for 2 consecutive quarters.</p>

### Overview for the quarter ended 31 December 2016

As at 31 December 2016 the Company had a cash position of \$1,693,000.

The cash expenditure for the period includes the continued investment in its Research and Development (R&D) program as part of the roll out of the Tikforce platform.

Tikforce's R&D investment is being conducted in accordance with the Federal Government guidelines for compliance with the R&D tax refund available to technology companies. The Company received a R&D Refund of \$385,000 for expenditure incurred in the year ended 30 June 2016.

Current R&D expenditure of \$695,000 to 31 December 2016 could yield a return in excess of \$300,000 through the continued operation of the Federal Government R&D refund program by the first quarter of the 2018 financial year.

Furthermore, in the December quarter, the Company has now established a significant reduction in its historical cash burn rate imposed in part from the roll out of the Reverse Takeover of Palace Resources Ltd.

#### TikForce Limited

Suite A7, 435 Roberts Rd,  
Subiaco, WA 6008

p 1800 732 543  
e info@tikforce.com  
w tikforce.com

abn 74 106 240 475

Ongoing operational expenditure now reflects a significant reduction in the costs to maintain the company in its marketing and development of the Tikforce Platform.

The Company has also invoiced an additional \$70,000 to new clients in the month of December, that will be realised in the March Quarter 4C.

Investors can look forward to the Company providing further updates on the progress of existing contracts as well as the signing of new partners.

**For further information, please contact:**

Roland Berzins  
Company Secretary

For personal use only

**TikForce Limited**

Suite A7, 435 Roberts Rd,  
Subiaco, WA 6008

p 1800 732 543  
e [info@tikforce.com](mailto:info@tikforce.com)  
w [tikforce.com](http://tikforce.com)

abn 74 106 240 475

## Appendix 4C

*Quarterly report*  
*for entities admitted*  
*on the basis of commitments*

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Tikforce Limited

ABN

74 106 240 475

Quarter ended ("current quarter")

31 December 2016

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (...6...months) \$A'000
1.1 Receipts from customers	3	8
1.2 Payments for		
(a) staff costs	(a) (204)	(f) (338)
(b) advertising and marketing	(b) -	(g) -
(c) research and development	(c) -	(h) -
(d) leased assets	(d) -	(i) -
(e) other working capital	(e) (360)	(j) (1,163)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R&D Grant)	388	385
<b>Net operating cash flows</b>	(173)	(1,108)

+ See chapter 19 for defined terms.

For personal use only

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(173)</b>	<b>(1,108)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(a) -	(a) -
(b) equity investments	(b) -	(b) -
(c) intellectual property	(c) (312)	(c) (695)
(d) physical non-current assets	(d) -	(d) (11)
(e) other non-current assets	(e) -	(e) -
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	-	(10)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(312)	(716)
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(485)</b>	<b>(1,824)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	1,813	1,813
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	(50)
1.19 Dividends paid	-	-
1.20 Other (cost of capital raising)	(37)	(40)
	1,776	1,723
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>1,291</b>	<b>(101)</b>
1.21 Cash at beginning of quarter/year to date	402	1,794
1.22 Exchange rate adjustments to item 1.20		
	1,693	1,693
<b>1.23 Cash at end of quarter</b>		

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	6
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

For personal use only

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,693	402
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other – share application	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	1,693	402

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- This statement does give a true and fair view of the matters disclosed.

Sign here: .....Roland Berzins..... Date: .....31 January 2017.....  
(Director/Company secretary)

Print name: .....Roland Berzins.....

+ See chapter 19 for defined terms.

For personal use only



## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

+ See chapter 19 for defined terms.

For personal use only