

## ASX ANNOUNCEMENT

18 August 2017

Company Announcement Office  
ASX Limited

### Response to ASX Appendix 4C query

Attention: Ms. Pratt

Dear Ms. Pratt

We acknowledge receipt of ASX's letter dated 15 August 2017 regarding the Company's quarterly report for the period ended 30 June 2017, re-released on 11 August 2017.

In response to each of the questions, we advise as follows:

1. The Company expects to have negative operating cash flows for the time being due to the current stage of development of its business. The Company is aggressively growing the size and scale of its business and the increased level of operating expenditure is reflective of the ongoing investments being made. But as revenue grows, the negative operating cash flows are expected to reduce.
2. The Company continues to assess its funding requirements in light of its business objectives and other investment opportunities. Achieving this will be dependent on an expected R and D tax incentive receipt, continuation of the recent user growth, continuing wins of high quality corporate customers, careful expense management and maintenance of existing market and economic conditions. The directors are extremely encouraged by the progress being made by the business and are confident of the ongoing growth opportunities of the Company.
3. The Company expects to be able to continue its operation and meet its business objectives. TikForce has worked directly with leading companies to refine the TikForce platform across multiple sectors. Collaboration with industry was important in strengthening compliance while providing process automation and data tools that reduce operational costs. This action allows the clients to minimizing its cost and complexity of risk mitigation. The Company has completed its proprietary Enterprise Supply Chain Workforce Platform. This provides a real-time workforce compliance solution designed to support large and complex procurement-centric projects. The launch of the platform

#### TikForce Limited

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represents 12- months of development and industry consultation with multiple beta clients. The goal was to ensure that compliance automation delivered tangible benefits, such as reductions in overhead and insurance risk. It was anticipated that at least one or more major clients will transition from beta status to full commercial engagement.

4. The Company confirms that, to its best knowledge and belief, it is compliance with the ASX listing Rules and in particular Listing Rule 3.1. The Company believes that there is no information that should be given to the ASX about its financial condition, in accordance with that Rule, that has not already been released to the market.
5. I confirm that the above response to the questions have been authorised and approved in accordance with the Company's disclosure policy and have been authorised by the Company Secretary and Chief Executive Officer.

The Company believes that it is in compliance with Listing Rule 12.2 as it is of the view that it has access to sufficient sources of fund to meet short term operating commitments.

Yours Sincerely

Roland Berzins  
Company Secretary

### **About TikForce**

Tikforce is a **Human Resource technology platform** that provides businesses a more efficient and complete solution for workforce identity, compliance checks, credentials and qualification screening.

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15 August 2017

Mr Roland Berzins  
Company Secretary  
Tikforce Limited  
Suite A7  
435 Roberts Road  
SUBIACO WA 6008

By email: [rberzins@gcpcapital.com.au](mailto:rberzins@gcpcapital.com.au)

Dear Mr Berzins

**Tikforce Limited (“TKF”): Appendix 4C Query**

I refer to TKF’s Appendix 4C quarterly report for the period ended 30 June 2017 lodged with ASX Market Announcements Platform and released on 31 July 2017 and re-released on 11 August 2017 (the “Appendix 4C”).

ASX notes that TKF has reported:

- negative net operating cash flows for the quarter of \$673,000;
- cash at the end of the quarter of \$381,000; and
- estimated cash outflows for the next quarter of \$941,000.

It is possible to conclude, based on the information in the Appendix 4C, that if TKF were to continue to expend cash at the rate indicated by the Appendix 4C, TKF may not have sufficient cash to continue funding its operations. In view of that, ASX asks TKF to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does TKF expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has TKF taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does TKF expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that TKF is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that TKF’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TKF with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that TKF considers may be relevant to ASX forming an opinion on whether TKF is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **2.00pm WST on Friday, 18 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TKF's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TKF's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Hayley.Pratt@asx.com.au](mailto:Hayley.Pratt@asx.com.au) and to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to TKF's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TKF's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TKF's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[Sent electronically without signature]*

Hayley Pratt

**Adviser, Listings Compliance (Perth)**

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