

Tikforce Limited

ABN 74 106 240 475

Appendix 4E

**PRELIMINARY FINAL
REPORT**

For the Financial Period Ended 30 June 2016

(Incorporating information pursuant to ASX Listing Rule
4.3A)

Appendix 4E

PRELIMINARY FINAL REPORT

Tikforce Limited

ABN 74 106 240 475

The following information is provided pursuant to ASX Listing Rule 4.3A.

HIGHLIGHTS

* COMPANY RE-ADMITTED TO MARKET 12 APRIL 2016, FOLLOWING A SUCCESSFUL \$4.5 MILLION CAPITAL RAISE

* TIKFORCE PLATFORM IS NOW LIVE WITH MTM METRO RAIL WHICH SERVICES 400,000 COMMUTERS DAILY

* TIKFORCE PLATFORM IS NOW INTEGRATED AND LIVE WITH ASX LISTED LEARNING MANAGEMENT AND ONLINE TRAINING COMPANY VELPIC (VPC)

* TIKFORCE DIGITAL VALIDATION – ONE OF THE MOST COMPREHENSIVE, LOW COST COMPLIANCE AND VALIDATION SOLUTIONS IS NOW LIVE

* INTRODUCTION AND ASSESMENT OF FIVE NEW TIKFORCE PRODUCTS, BASED ON CLIENT ENQUIRY/REQUEST, ANTICIPATING NEAR TERM AGREEMENTS

* EARLY ROLLOUT OF 4 NEW PRODUCTS; REAL.ID, TIK.ME, WORKREADY JOBS AND CERTAIN ONLINE ARE ALL LIVE AND UNDERGOING FINAL CLIENT ASSESSMENT

* APPOINTED NATIONAL POLICE CLEARANCE AGENCY, RESULTING IN FULLY DIGITAL IN HOUSE POLICE CHECK WITH 30 MINUTE TURNAROUND TIME

Tikforce Limited (ASX code: TKF, “Tikforce” or “the Company”) is pleased to report its 30 June 2016 preliminary final report to shareholders. Tikforce successfully listed on the ASX on 12 April 2016, closing its capital raising oversubscribed. 45,231,813 new shares were issued as a result of the subscription at \$0.10 per share, which represented a market capitalization of approx. \$ 11.7 Million at the time of the completion of the RTO and acquisition process.

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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, provided in an easily transportable format.

TikForce Limited has enhanced its product range and approach to focus on labour hire workers, the most active sections of the market. Labour hire workers have the most reasons to have validated profiles and credentials available in easily transportable format.

The Company have targeted labour hire and recruitment as well as major human resource companies. This engagement has focus on delivering improved compliance and reducing costs for the administration of recruit validation.

The \$19 billion labour hire industry is a prime target for the TikForce solution, as the clients' average four onboarding events per year. As a result of the frequent employment events, job candidates require comprehensive validation of their skills, competencies, certification and associated legislative/statutory clearances.

The current process is costing approximately \$200 per event per candidate per placement event, whilst the TikForce process should save HR approximately \$150 per transaction and be substantially quicker.

The labour hire market has nearly two million workers, so it provides a substantial and pivotal market driver that will allow TikForce to provide a standard in human capability verification and compliance.

The Company is now targeting to achieve 1,000,000 users in its engagement system. TikForce aims to achieve this by partnering with a number of the major international and national labour hire firms.

This is a modification to our rollout strategy and has been driven with a view of realising a significantly better return and shareholder value in the near term.

A TURNKEY DIGITAL REGTECH COMPLIANCE COMPANY

The prospective client demand has led to the accelerated rollout of a complete product suite, 12 months earlier than previously envisaged. TikForce now provides one of the most comprehensive, low cost digital compliance solutions available.

This end-to-end integration has reduced external and third party reliance in the validation and verification process. It has allowed TikForce to develop a globally scalable and proprietary solution.

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A major shift toward self-reliance was realised earlier this year when TikForce became an accredited National Police Clearance agent.

NEW COMMERCIAL ASSESMENT AGREEMENTS

As a result of collaboration with current and prospective clients over the past several months, TikForce is in the final assessment stage with:

- * International resource companies;
- * International fin-tech providers; and
- * Multiple International and National HR and Labour Hire Organisations

It is envisaged that the final assessment will crystallise into material agreements when they become mutually agreed by both parties, which the Company believes will occur in due course.

The modification of the market engagement strategy, product extensions and the more complex integration process has impacted on the time and investment that TikForce has made.

The product offering is more comprehensive and compelling to our existing and prospective clients.

The TikForce platform is faster, cheaper, lower risk and more comprehensive than traditional systems. For more information please visit:
<http://www.tikforce.com/>

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APPENDIX 4E

PRELIMINARY FINAL REPORT TO THE AUSTRALIAN SECURITIES EXCHANGE TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES ABN 74 106 240 475

FINANCIAL YEAR INFORMATION – 1 JULY 2015 TO 30 JUNE 2016

Key Information – Results for Announcement to the Market

	2016	2015	Movement	\$ change	%
	\$	\$			Increase/ (Decrease) over Previous
Revenue and other income	38,477	18,740	Increase in revenue	19,737	105%
Profit / (Loss) for the period	(4,423,972)	17,693	Increase in Loss	4,441,665	(25,104%)
Profit / (Loss) attributable to members of the parent entity	(4,423,972)	17,693	Increase in Loss	4,441,665	(25,104%)

The previous corresponding period is the year ended 30 June 2015

	2016	2015
Basic Profit / (loss) per share (cents)	(15.69)	29,488
Diluted Profit / (loss) per share (cents)	(15.69)	29,488
Net tangible assets per share (cents)	3.69	(765,995)

Commentary of results for the period:

On 28 May 2015, the Company announced that it has entered into the Misto Securities Sale Agreement with Misto and the Misto Vendors to acquire all of the issued capital of Misto (**Misto Acquisition**). Misto has executed a conditional securities agreement to acquire all of the rights and title in the issued capital of TikForce (**TikForce Securities Sale Agreement**). The completion of the Misto Securities Sale Agreement is inter-conditional and dependent on the completion of the TikForce Securities Sale Agreement. The Misto Acquisition allows the Company to acquire TikForce as part of its overall strategy to develop the TikForce Platform.

On 30 January 2015, the Company announced it had entered into the Min-Trak Securities Sale Agreement with Min-Trak and the Min-Trak Vendors to purchase all of the issued capital of Min-Trak.

At the General Meeting of the Company (12 August 2015), Shareholders passed resolutions approving, amongst other things:

- the issue of Securities under the Min-Trak Vendor Offer and the Misto Vendor Offer by the Company in consideration for the Proposed Acquisition; and

- the significant change in the nature and scale of the Company's activities arising from the Proposed Acquisition.

On Completion of the Proposed Acquisition, the Company will focus on developing and commercialising the TikForce Platform and Min-Trak Solution which are owned by TikForce and Min-Trak respectively and such other opportunities in the human resources management technology and asset tracking sectors. In relation to the Min – Trak technology, the Company intends to incorporate the Min – Trak Solution into the Tikforce Platform by integrating the asset tracking and satellite technologies to provide comprehensive human resources tracking and management product on the TikForce platform known as “Tik-Traks”.

The TikForce Platform enables mobile and freelance workers to better control where, for whom and when they work, and assists organisations to better manage their flexible workforces.

The TikForce Platform is expected to meet a range of corporate and market needs relating to compliance, personal ID, and the confirmation of workers' qualifications.

The TikForce Platform is a flexible mobile workforce management system, which addresses the need to allocate and monitor the status of work tasks and to track the location of workers in the field.

Employers and other organisations engaging a workforce will have a direct interest in reducing the cost involved in finding suitable workers. The TikForce Platform is designed to contribute to this objective by reducing:

- the work involved by an employer or organisation, and the workers themselves, in confirming a worker's credentials; and
- the risk and cost of non-compliance, both on an initial and ongoing basis by ensuring workers and their employers or contractors receive regular reports on expiry of licences and other documents such as visas and insurances.

The TikForce Platform covers:

- onsite workers and tasks;
- sourcing and managing subcontractors and suppliers; and
- integration with accounting and payroll platforms.

As part of the Acquisition the Company has:

- undertaken a consolidation of its issued capital, on a 1 for 100 basis;
- re-complied with Chapters 1 and 2 of the Listing Rules because the acquisition changed the nature and scale of the Company's business;
- conducted a capital raising at an issue price of \$0.10 per Share (after capital consolidations referred to above) raising \$4.5 million before costs to fund the future operations of the Company; and
- changed its name to Tikforce Limited.

The acquisition, the change of name, the consolidations of capital and various other matters were approved by shareholders at a meeting held in August 2015, following which the Company lodged its prospectus in October 2015 and a Supplementary prospectus in January 2016, with the ASIC. The offer was oversubscribed and the transaction was effectively completed by the end of March 2016, with re-quotation to the ASX official listing in April 2016. The nature of the transaction has been determined to be a reverse acquisition, an explanation of which is contained in the Significant Accounting Policies note to this preliminary final unaudited report.

More information can be found in the Company's various ASX announcements, including the notices of meeting and explanatory memoranda for the shareholder meeting held in August 2015, and the Company's prospectus.

Dividends:

The Company does not propose to pay dividends. No dividends were paid for the year ended 30 June 2016 (2015: nil).

Status of Audit:

These financial statements are unaudited, being currently in the process of being audited by Greenwich and Co. There is not expected to be a dispute or qualification to the financial accounts.

Yours faithfully

Roland Berzins

Director

31 August 2016

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES

ABN 74 106 240 475
Preliminary Final Report

Statements of Profit and Loss and Comprehensive Income

For The Year Ended 30 June 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
Income		
Sales income	15,628	-
Other income	22,849	18,740
Total Income	38,477	18,740
Expenses		
Professional fees	131,321	-
Employee and director expenses	190,436	-
Listing fees	2,682,808	-
Loss on conversion of convertible notes	967,500	-
Amortizations and depreciation	116,042	-
Impairment of intangibles	-	-
Impairment of receivables	(926)	-
Other expenses	375,268	1,047
Total expenses	4,462,449	1,047
Loss before income tax		
Income tax expense	-	-
Net Profit / (loss) for the year	(4,423,972)	17,693
Other comprehensive income		
Items that have been reclassified to profit and loss		
Foreign currency translation loss realised from de-recognition of foreign operations	-	-
Total other comprehensive income	-	-
Total comprehensive profit / (loss) for the year	(4,423,972)	17,693
Net loss attributable to:		
-Members of Tikforce Limited	(4,423,972)	17,693
-Non-controlling interests	(4,423,972)	17,693
Total comprehensive loss attributable to:		
-Members of Tikforce Limited	(4,423,972)	17,693
-Non-controlling interests	(4,423,972)	17,693

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475
Preliminary Final Report

Statements of Financial Position

For The Year Ended 30 June 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,794,644	3,181
Receivables	151,469	40,112
Financial Assets	4,871	-
Total current assets	1,950,984	43,293
NON CURRENT ASSETS		
Property, plant and equipment	3,150	3,324
Intangible assets	2,209,789	478,010
Total non-current assets	2,212,939	481,334
Total assets	4,163,923	524,627
LIABILITIES		
CURRENT LIABILITIES		
Payables	875,550	56,918
Borrowings	-	449,296
Provisions	37,870	-
Total liabilities	913,420	506,214
Net assets	3,250,503	17,753
EQUITY		
Contributed equity	7,654,737	60
Reserves	2,045	-
Accumulated profit / (losses)	(4,406,279)	17,693
Total (deficit) / equity	3,250,503	17,753

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475

Preliminary final report

Statements of Changes in Equity

For The Year Ended 30 June 2016

2016 CONSOLIDATED	Issued Capital	Share Based Payment Reserves	Foreign currency translation reserve	Non controlling Interest	Accumulated Profit / (Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	60	-	-	-	17,963	17,753
(Loss) for the year	-	-	-	-	(4,423,972)	(4,423,972)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	4,423,972)	(4,423,972)
Non-controlling interest Option issue						
FX reserve movement						
Issued Capital – Shares	8,776,757	-	-	-		8,776,757
Share issue Cost	(1,122,080)	-	-	-		(1,122,080)
Issued Capital - Options	-	2,045	-	-		2,045
Total transaction with owners and other transfers	7,654,677	2,045	-	-		7,656,722
Balance at 30 June 2015	7,654,737	2,045	-	-	(4,406,279)	3,250,503

2015 CONSOLIDATED	Issued Capital	Share Based Payment Reserves	Foreign currency translation reserve	Non controlling Interest	Accumulated Profit / (Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	-	17,693	17,693
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	17,693	17,693
Issued Capital	60					60
Balance at 30 June 2015	60				17,693	17,753

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475
Preliminary Final Report
Statement of Cash flows

For The Year Ended 30 June 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	38,477	2,066
Cash payments in the course of operations	(917,562)	(1,047)
Interest paid	(39,993)	-
Net cash used in operating activities	(919,078)	1,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchases of property, plant and equipment	-	(3,324)
Payment to suppliers and employees	(884,023)	(443,820)
Cash acquired on acquisition of Tikforce Ltd	4,551,833	-
Net cash outflow from investing activities	3,667,810	(447,144)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from capital raising	52,568	60
Payment of capital raising costs	(1,122,080)	-
Proceeds from the issue of options	2,045	-
Proceeds from borrowings	673,546	449,246
Repayments of loans	(563,348)	-
Net cash provided by /(used in) financing activities	(957,269)	449,306
Net increase / (decrease) in cash held	1,791,463	3,181
Cash at the beginning of the financial year	3,181	-
Cash at the end of the financial year	1,794,644	3,181

Notes to the Preliminary Final Report

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475

Note 1: Significant Accounting Policies

Statement of Compliance

The Appendix 4E preliminary final statements have been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations.

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the financial report has been prepared on a historical cost basis.

The financial report has been presented in Australian Dollars, which is the functional currency of the Company.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the consolidated entity's half yearly financial statements as at 31 December 2015, except in relation to the matters disclosed below:

Acquisition of Tikforce Operations Pty Ltd

Effective 31 March 2016 Tikforce Limited (formerly Palace Resources Limited) ("The Company" or "Tikforce"), the legal parent and legal acquirer, completed the acquisition of TikForce Operations Pty Ltd ("TikForce Operations"). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of

reverse acquisition accounting in AASB 3 Business Combinations. This is because the commercial substance of the transaction is that TikForce Operations has effectively been recapitalised. Accordingly, the consolidated financial statements contained in this preliminary final report have been prepared on the basis that TikForce Operations has acquired TikForce, not vice versa. So the commercial substance of the transaction has been reflected, not the legal form. The recapitalisation has been measured at the fair value of the equity instruments that would have been given by TikForce Operations to have exactly the same percentage holding in the new structure at the date of the transaction.

The implications of the acquisition by Tikforce Operations Pty Ltd on the financial statements are as follows:

Consolidated Statement of Profit and Loss and Consolidated income

- The 2015/2016 consolidated statements of profit and Loss and Comprehensive Income comprise 12 months of Tikforce Operations Pty Ltd and period of 1 April 2016 to 30 June 2016 of Tikforce Ltd and its controlled entities.
- The comparative information as at 30 June 2015 is the Statement of Financial Position of Tikforce Operations Pty Ltd:

Consolidated Statement of Financial Position

- The Consolidated Statement of Financial Position at 30 June 2016 comprises both Tikforce Operations Pty Ltd and Tikforce Ltd and its consolidated entities
- The comparative statement of the Financial Position at 30 June 2015 comprises only Tikforce Operations Pty Ltd

Statement of Changes in Equity

- The 2015/2016 consolidated statement of changes in equity comprises TikForce Operations' equity balance at 1 July 2015, its loss for the year and transactions with equity holders for 12 months. It also comprises TikForce's transactions with equity holders in the past 3 months, and the equity balances of TikForce Operations and TikForce as at 30 June 2016.
- The 2014/2015 consolidated statement of changes in equity comprises 12 months of TikForce Operations.

Statement of Cash Flow

- The 2015/2016 Statement of cash flows comprises:
 - The Cash balance of Tikforce Operations Pty Ltd at the beginning of the financial year (1 July 2015);
 - The transactions for the financial year for the 12 months of Tikforce Operations Pty Ltd for the year ended 30 June 2016; and for the period from 1 April 2016 to 30 June 2016 for Tikforce Ltd and its controlled entities;
 - The cash balance of the combined Tikforce Operations Pty Ltd and Tikforce Ltd and its controlled entities, at the end of the financial year 30 June 2016.
- The 2014/2015 statement of cash flows 12 months of Tikforce Operations Pty Ltd.

Net Asset Acquired

Cash	4,551,833
Receivables	784,903
Financial Assets	3,946
Other current assets	385,206
Trade and other payables	(1,277,936)
Financial Liabilities	(499,723)
Funds in advance	(4,470,614)
Convertible notes	(967,500)
Total	<u>(1,489,885)</u>
Consideration for acquisition	1,192,923
Listing fee	2,682,808

Note 2: Segment Reporting

During the year the consolidated entity operated predominantly in one business segment, that being information technology for the development of its TikForce Platform app. Its geographical segment was Australia.

Note 3. Dividend

There were no dividends paid or declared by the Company during the financial year.

Note 4. Capital Structure and Performance Shares

Following the completion of the acquisition and capital raising and other offer proposals as outlined in the Prospectus (dated 1 October 2015) and Supplementary Prospectus (dated 4 January 2016), the capital structure of the Company is detailed below:

Capital structure ¹	Number of securities on issue
SHARES	
Shares on issue following consolidation – 16 August 2015 – Tikforce Limited (formerly Palace Resources Ltd)	11,927,979
Issue of Shares under the Vendor Offers as consideration of the Acquisition – (Misto / Tikforce Operations 30,000,000 and Min- Trak 9,000,000)	39,000,000
Issue of Shares under the Public Offer	45,231,813

Capital structure¹	Number of securities on issue
Issue of Shares under the Tikforce Ltd (formerly Palace Resources) Creditor Offer	1,806,522
Issue of Shares under the Min-Trak Creditor Offer	450,000
Issue of Shares under Converting Note Conversion Offer upon conversion of the Converting Notes	19,350,000
Conversion of Options to Fully paid Shares ,at an exercise price of \$0.20 each	1,250
TOTAL SHARES on Issue 30 JUNE 2016	117,767,564
OPTIONS	
Options on issue following consolidation – 16 August 2015 Tikforce Limited (formerly Palace Resources Ltd)	2,098,775
Options converted to Fully paid ordinary shares	(1,250)
Expiration of Options on 28 Feb 2016	(2,097,525)
Issue of Options under the Lead Managers' Offers	20,000,000
Issue of Min-Trak Options under the Min-Trak Creditor Offer	450,000
TOTAL OPTIONS	20,450,000

Following the successful acquisition of Tikforce Operations Pty Ltd and Min – Trak Pty Ltd, the Company has the following outstanding financial securities contingent obligation, being Performance Shares, based on specific performance criteria.

PERFORMANCE SHARES	
Opening Performance Shares on issue	Nil
Issue of Performance Shares under the Vendor Offers	41,000,000
TOTAL PERFORMANCE SHARES	41,000,000

Each performance security, upon conversion, is equivalent to one Tikforce Ltd fully paid ordinary share. The number of performance share and the specific performance share obligation (milestones) are itemised below:

8,000,000 Class A Performance Shares - A Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users

12,000,000 Class B Performance Shares - B Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users.

16,000,000 Class C Performance Shares - C Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users

2,000,000 Class D Performance Shares - D Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$75,000 per quarter for 2 consecutive quarters.

2,000,000 Class E Performance Shares - E Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$375,000 per quarter for 2 consecutive quarters.

1,000,000 Class F Performance Shares - F Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$750,000 per quarter for 2 consecutive quarters.

Note 5 **Annual meeting**

The annual meeting will be held as follows:

Place	To be advised
Date	To be advised
Time	To be advised
Approximate date the annual report will be available	21 September 2016

Compliance Statement

1. This report has been prepared in accordance with the AASB Standards, other AASB authoritative pronouncements and urgent Issue Consensus views or other standards acceptable to ASX;
2. This report, and the accounts upon which the report is based (if separate), uses the same accounting policies;
3. The Company confirms that it has used the cash and assets that it had at the time of admission to the ASX official quotation platform in a way consistent with its business objectives;
4. This report does give a true and fair view of the matters disclosed; and
5. This report is based on accounts to which one of the following applies:

	The accounts have been audited		The accounts have been subject to review
X	The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed

Date 31 August 2016

Roland Berzins
Director / Company Secretary