TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

ANNUAL REPORT 2018

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Karl Phillip Jacoby (Executive Chairman)
Andrew Lambert Campbell
Anastasia Mary Ellerby
C. Mark Gill

COMPANY SECRETARY

John Lemon

REGISTERED OFFICE IN AUSTRALIA

c/ - TWT Accountants
Level 1. 23 Middle Street
Cleveland QLD 4163

PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Suite 3, Level 4,
320 Adelaide Street,
Brisbane Queensland 4000

Postal address:
PO Box 2091
Toowong QLD 4066

Telephone:	+61 1300 556 673 (within Australia)
Facsimile:	+61 7 3720 9066
Email:	mail@tcnglobal.net
Website:	www.tcnglobal.net
ABN:	83 010 506 162

AUDITORS

PKF Hacketts Audit
Chartered Accountants
Level 6, 10 Eagle Street
Brisbane Queensland 4000

SOLICITORS

Minter Ellison
Level 22, Waterfront Place
1 Eagle Street
Brisbane Queensland 4000

BANKERS

National Australia Bank Limited
300 Queen Street
Brisbane Queensland 4000

HSBC – London, United Kingdom
BMO Harris – Chicago, USA
JP Morgan Chase Bank – San Diego, USA

DOMICILE AND COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange.

ASX Code: TCN

SHARE REGISTRY

Register of Securities is held at the following address:

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane Queensland 4000

Telephone:	+ 61 1300 554 474 (within Australia)
	+ 61 1300 554 474 (international)
Facsimile:	+ 61 2 9287 0303

Website: www.linkmarketservices.com.au

EXECUTIVE DIRECTORY

Karl Phillip Jacoby (Executive Chairman)
Paul Djuric Chief Executive Officer
Urgent Technology Group
John Sirianni Chief Executive Officer
Statseeker Group
David Wilson Chief Financial Officer
Techniche Limited

FINANCIAL CALENDAR

2018

8 November	Annual General Meeting
31 December	Half year ends

2019

22 February	Half year profit announcement
30 June	Financial year ends
23 August	Annual profit announcement
8 November	Annual General Meeting
31 December	Half year ends

ANNUAL GENERAL MEETING

4.00pm 8 November 2018
Level 3,
135 Coronation Drive
Milton 4066

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Facsimile:	+ 61 2 9287 0303
Website:	www.linkmarketservices.com.au

CORPORATE GOVERNANCE STATEMENT

A copy of the Techniche Limited Corporate Governance Statement can be obtained from the Company website at: http://www.tcnglobal.net/corporate-governance/.

ABOUT TECHNICHE

Techniche Limited is an Australian software company with a focus on the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. The company has customers and operations in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

OUR PRODUCTS

eMaintenance+, is a facilities maintenance platform that manages and measures reactive and planned maintenance, supplier performance, asset downtime, health and safety incidents, and asset inventories.
Delivered as software as a service (SaaS), it handles all the routine FM tasks that are typically managed by a helpdesk. 70% of jobs are dispatched automatically, significantly reducing operating costs.
It captures the end-to-end maintenance processes, collects real-time data, improves supply chain procurement and asset reliability.
As a powerful business intelligence tool, it delivers meaningful benchmarking comparisons and actionable insights into maintenance performance at the click of a button.
'Drag and drop' workflow design enables customers to create workflows that match their business processes.
Compliance procedures are automated, recording data automatically and allowing for instant access in the event of an incident or audit.
All customers benefit from a programme of quarterly product updates and are always on the latest version of the software.

Statseeker provides advanced network performance monitoring technology for large scale critical IT and OT networks.
Statseeker's software enables Network Engineers and Architects to autonomously and intelligently monitor their entire global and branched networks, regardless of its size, from a single server.
Proprietary technology monitors every device and interface with light touch 60 second polling for near real-time device behaviour insight without consuming network bandwidth.
Time-Series data base technology gives engineers instant one-click access to years of historical device behaviour statistics to support Capacity Planning and Forensics tasks.
Instant, powerful and purpose built reporting provides the insight needed to keep the network operating at peak performance.
Advanced analytics and anomaly detection technology enables network architects with intelligent alerting, operational insight and finely tuned forecasting capabilities.
Statseeker's new read-write API enables our IT enterprise customers and our system provider partners with the ability to make further use of networked device behaviour data and statistics, in real-time.

CUSTOMERS INCLUDE…

FINANCIAL HIGHLIGHTS

Five Year Total Shareholder Return

Capital Growth of:		Dividend Payments of:		Total Shareholder Return of:
1.6% per annum	+	**6.2%** per annum	=	**7.8%** per annum

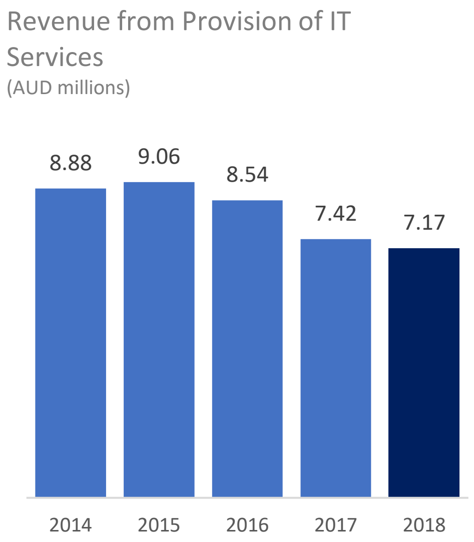
FIVE YEAR SUMMARY

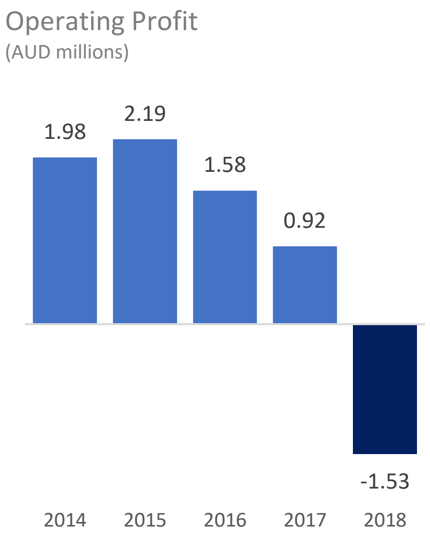
All figures are in AUD '000s unless stated otherwise	2018	2017	2016	2015	2014
Revenue from Provision of IT Services	7,166	7,422	8,538	9,063	8,877
Earnings from Joint Ventures	94	344	644	189	264
Unrealised Foreign Exchange Gains	(133)	(66)	(587)	716	492
Operating Expenses	7,124	5,580	6,540	6,093	5,767
Head Office & Corporate Expenses	1,191	990	785	716	821
Income Tax	(837)	273	272	252	581
Profit After Tax	(1,724)	856	998	2,907	2,471
Profit After Tax from Operations	(1,534)	923	1,584	2,191	1,978
Earnings Per Share	(0.78)	0.38	0.45	1.30	1.10
Earnings Per Share from Operations[1]	(0.70)	0.41	0.71	0.98	0.88
Dividend - Cents Per Share	-	0.35	0.35	0.49	0.22
Dividend Payout Ratio[2]	-	85%	50%	50%	25%
Return on Equity	(4.5%)	5%	6%	16%	17%
Cash and Cash Equivalents	3,116	4,953	3,830	4,314	3,686
Net Tangible Assets	1,352	7,836	7,814	7,265	5,275
Net Assets	13,985	16,014	16,340	16,447	13,722
Capitalisation	$8.8m	$10.3m	$13.4m	$17.2m	$17.2m
Share Price	$0.040	$0.046	$0.06	$0.077	$0.077

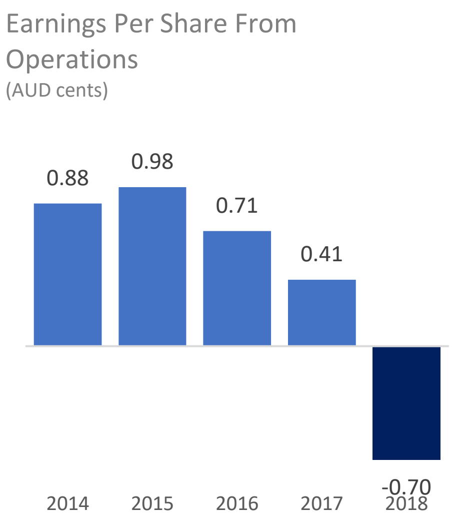
[1] Earnings per share from operations includes both continuing and discontinued operations but excludes any unrealised foreign exchange gains or losses.

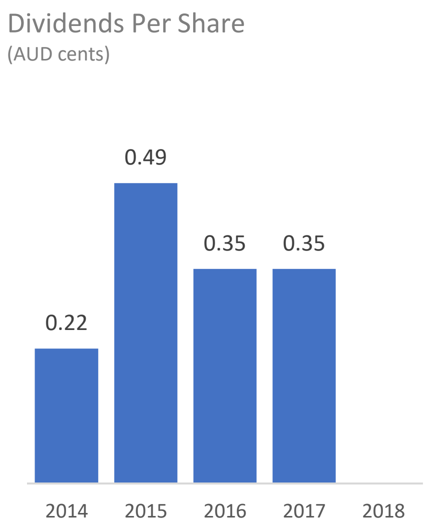
[2] Dividend Payout Ratio is calculated using earnings per share from operations.

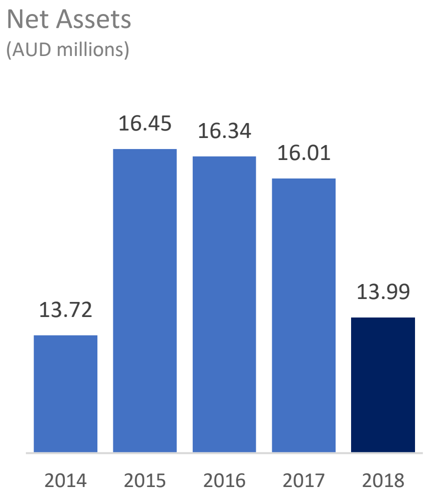
Financial Performance in AUD

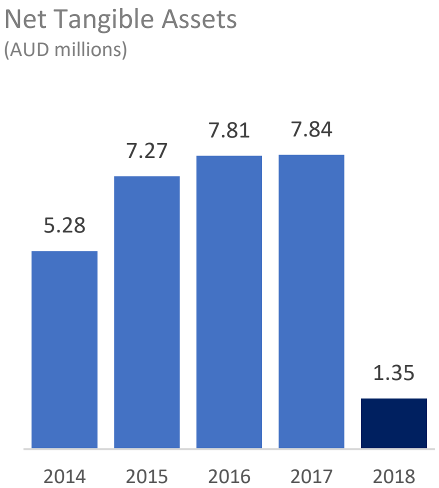












CHAIRMAN'S ADDRESS - YEAR IN REVIEW

Dear Shareholder,

Over the past 18 months the directors of Techniche have been researching and refining a new direction for your company that considered our products, our customers, our markets, while also considering how we provide a better return to our Shareholders. At the 2017 AGM, we proposed a shift in focus from being a technology investment company to becoming a technology company. As background, Techniche was founded in 1985 as a technology investment company, focussed on Australian technology companies, was listed on the ASX in 1987, and had some early success. Fast forward to 2006, Techniche was essentially a shell with approximately $1.5m cash at bank.

With the appointment of a new Board in 2006-07, a capital raise and reset direction, Techniche commenced its next journey continuing as technology investment company, with a more global focus, ultimately acquiring ERST Technology GmbH, Urgent Technology, and our 50% stake in Statseeker. Each business was run as an independent profit centre, with the bulk of earnings generated by ERST.

Historically it has been difficult, even as a major shareholder in the businesses, to have any real level of control strategically or operationally. Techniche has been a voice at the table rather than a driving force for these businesses.

This model was still reasonably successful, reporting profits and providing a dividend to shareholders each year. Ultimately, we were holding small niche technology companies that needed investment to grow. As well, we were very reliant on ERST, which was essentially a services company with limited growth opportunities and only 2 customers, BP and EDEKA.

As a portfolio of standalone businesses delivering independent investment returns, the subsidiaries have been unable to utilise market and territory coverage, share resources and applications, nor obtain sufficient market visibility to attract investment interest. As a result, the share price has reflected only historic growth and profitability, rather than reflect the future value of the exceptional position that our operations and technologies have in their respective markets.

Strategic Reset

In considering a strategic reset, there were a number of key aspects of Techniche that we felt were valuable.

1. Great products – Both Urgent and Statseeker have great products that have some market leading capabilities, and fantastic blue-chip customers.
2. Both products have global applications.
3. We have customers and teams within the 3 key geographies of Europe, Australia/Asia & the Americas.
4. We start the year with great levels of recurring revenue.
5. We have experience in running/managing global growth technology companies.
6. The new ownership structure provides for real strategic and operational control including at product, marketing, sales and engineering levels.

A shift from a technology investment company to a technology company.

At our last AGM it was announced that the company was shifting focus from a technology investment company to a technology company, but what does that mean?

i. Focussed product offering

We believe that Techniche has the opportunity to offer a new and unique range of products to its current and new customers that combines the capabilities of eM+ with our networking monitoring tools, and some additional applications.

The company is currently researching new trends in the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical.

This will likely combine with intelligent behaviour analysis to provide predictive capability and eventually a “close loop” process in asset management.

ii. Purchase of balance of 50% shareholding of Statseeker

The Company had the opportunity to acquire the remaining 50% of the issued capital of Network Monitoring Holdings Pty Ltd, the ultimate holding company of the Statseeker business, in late January 2018.

Upon acquisition of the remaining shareholding the Company conducted a complete review of the business and mapped out a range of changes to personnel and the general operations. This was mainly focussed on reducing cost, with intent on investing some of the savings in frontline regionalised based sales, marketing and support.

This resulted in a $336,713 provision being recognised for redundancy and restructuring costs.

iii. Using our geographic reach

Our regional teams located in Europe (UK & Germany), Australia & the USA will become responsible for selling and supporting our full range of products, including Urgents eM+ and Statseeker’s range of networking monitoring applications.

Our focus is growing sales across the regions through increased direct sales capability plus channel partners.

Already we have significantly increased our sales resources in the UK with the appointment of 2 new Business Development Managers, an Account Manager, Marketing Manager and a Professional Services Manager. This has been partially funded through cost savings in head count in the US.

iv. Customer focussed

Our businesses have fantastic global blue-chip customers. We are increasing our level of customer engagement through a range of activities. In particular, we will be seeking their input as we refine our product portfolio and define and prioritise the product roadmap.

v. Regional Structure

In future reports, the focus will shift to customers, products and regions. In January 2019, the CEO’s of our businesses will become responsible for running their region. The 3 regions will be EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas, with each region having sales, marketing and support capability for what is expected to be a growing range of product.

vi. Appointment of new Directors

With the resignation of Bruce Scott, we have appointed 2 new directors, Anastasia Ellerby and Mark Gill. Consistent with the strategic reset, both Anastasia and Mark come with excellent backgrounds in growing software companies, particularly with a global focus.

vii. Corporate

It is our intention to build a management team to support the strategic reset. David Wilson, who was previously Group Financial Controller has been promoted to CFO, and it is our intention to employ a new CEO, with a deep background in growing software companies, in the new year. Until the CEO has been appointed, I will continue to act in the capacity of Executive Chairman.

Share Buy Back

The company commenced a share buy-back and to date has purchased 5,960,733 shares at an average price of 3.9 cents per share. This resulted in a cash outflow of $127,498 to June 30 2018, and current total consideration of $230,123 for the year to date following further purchases since 30 June 2018.

2017-18 Financial & Operational Review

Financial Results

This years' result reflects some major changes to the business. The company reported a loss $1,723,823 which included a major impairment and some significant one-off expenses.

Sale of ERST

After conducting a strategic review of the business and exploring alternative growth options the Board determined that ERST as it stands was not a core asset of the Group going into the future. Although a very profitable business, ERST had only 2 customers, with one terminating its contract during the sale process.

The Company sold its investment in ERST Technologies GmbH as at 30 September 2017. This resulted in a loss on sale of $602,224.

Purchase of balance of 50% shareholding of Statseeker

Management recently conducted a review of the intangible assets acquired as part of the Statseeker business acquisition consisting of:

1. $5,246,290 – Goodwill and other unidentified intangible assets. Of this value, $4,155,124 was recognised as goodwill from the Purchase Price Allocation when the consolidated Network Monitoring Holdings Pty Ltd (NMH) Group was formed to acquire the "Statseeker" business. Subsequently a further $1,091,166 has been provisionally recognised as goodwill from Techniche taking control of Network Monitoring Holding Pty Ltd pending the completion of a Purchase Price Allocation report from an independent expert consultant.

2. $2,056,540 – Software and capitalised software development recognised when the consolidated NMH Group was formed to acquire the "Statseeker" business. The original value assigned as part of the Purchase Price Allocation was $3,108,121 and has since been amortised to the current carrying value of $2,062,739.

3. $1,157,648 – Capitalised Software Development relating to the direct costs of projects for the continuing development of software product innovations between 2010 and 30 June, 2018. The current portfolio of projects had a gross value of $2,531,998. Completed projects have been amortised resulting in the net carrying value of all capitalised software development being reduced to $1,157,648

Following management's review, the directors were of the opinion that there was insufficient certainty as to the recoverability of Capitalised Software Development relating to the historical direct costs of projects from the continuing development of software product innovations. As at 30 June 2018, the directors decided to impair the balances of these projects, including the original acquired value at 30 January 2018 and the subsequent capitalized costs less amortization to 30 June 2018.

Additional one-off expenses

The company incurred one-off costs of $249,438 associated with the sale of ERST and the strategic review of Urgent.

Operational Review

Urgent Technology

Paul Djuric was appointed CEO in January 2018 after the resignation of Jessa Klebba. Paul, who was previously COO, has continued the transition to a Software as a Service (SaaS)-style business model.

Paul has been with Urgent since 2014 and has a strong understanding of the sector, having previously held a range of management roles in the CAFM/CMMS industry over an 11-year period.

Key milestones include:

- Continued transformation to a product-focused, SaaS-based maintenance software company;
- Continued focus on our core target customer segment of multi-unit petrol-retailing in which we are an acknowledged market leader;
- US staff rationalisation;
- Investment in additional sales resources as noted earlier;
- Employment of a full marketing manager focussed on lead generation;
- Employment of professional services manager and building a professional services team;
- Held first Asset Performance Management / IoT Roundtable Event.

Financial commentary

Urgent continued to improve during the current year showing revenue growth of 8.7% to $4,240,931 [2017: $3,900,777] which was attributed to a mix of new recurring business and professional service for our existing customers. Costs were carefully managed and were limited to an increase of 1.6% to $4,024,086 [2017: $3,962,112]. The improved financial position has allowed for an expansion in the sales and marketing capability within the team and is expected to lead to further improvements in the 2019 financial year.

Statseeker

John Sirianni, who was previously Statseeker's COO, was appointed CEO in February 2018 after Frank Williams decided to step down as Statseeker's CEO.

John's career spans 30 years of senior strategic and operational management positions for leading software, service and platform companies in Networking, Cyber Security, IoT, Intelligent Automation and IT Systems. John joined Statseeker in 2017 as the COO, is based in San Diego California, and has multiple Engineering degrees.

Frank, who had been Statseeker's CEO since July 2015, continues to work with the company as a US-based advisor, which remains Statseeker's largest market.

Key milestones include:

- Upon acquisition of the remaining shareholding the Company conducted a complete review of the business;
- A range of changes to personnel and the general operations were made which resulted in significant cost savings and greater refinement of strategic direction of investment.
- Investment being made in additional sales capability across the regions;
- Regionalised marketing plan being developed;
- Building up US operations;
- Launch of SDN – CISCO ACI Monitoring

Financial Commentary

Statseeker completed a disappointing year with distractions from the change of ownership and delays in product and new release launches having an impact on new business revenue from new customers and upsells to existing customers. Despite this, annual recurring revenues were maintained at $4,648,038 [2017: $4,679,514].

Operating costs were impacted by a series of one-off items, including due diligence costs that were written off in relation to an acquisition that did not proceed and provision for restructuring the business following Techniche acquiring the remaining 50% of shares it did not already own. The restructure has allowed for a reduction in administration costs to be redeployed into sales and marketing and an expansion in product development.

Statseeker has had a policy of capitalising and amortising direct project costs associated with software product enhancements. Following management's review, the directors were of the opinion that there was insufficient certainty as to the recoverability of Capitalised Software Development relating to the historical direct costs of projects from the continuing development of software product innovations. As at 30 June 2018, the directors have decided to impair the balances of these projects and the net value of $1,157,648 was written down to nil.

It is anticipated that the new structure will lead to an improved product offering for both new and existing customers and the sales capability to result in improvements in the second half of the 2019 financial year.

Corporate

As previously announced, David Nelson resigned as CEO of Techniche and left on the 21st November 2018 after successfully managing the sale of our investment in ERST, albeit at a lower price than expected after a key customer terminated their contract during the sale process.

Costs incurred at the Techniche Head Office increased by 20% to $1,190,932 [2017: $990,003] however these included $308,117 in one-off costs associated with the sale of ERST, costs relating to acquiring the remaining shares in the Statseeker business, the strategic review of Urgent by an external consultant and an additional $111,211 [part of the total $336,713 incurred by the consolidated Group] restructure provision. After excluding these one-off items, underlying Head Office costs have decreased by 35% to $771,703.

Outlook

It is the opinion of directors that the current share price does not reflect the true value of the underlying technologies that we own, or the markets that we operate in, or the quality of customers that we deal with regularly.

Our focus for the future is to create (build, buy or partner) a platform of applications that address the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. We want to take advantage of our customer relationships and market reach in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

This will mean investment in creating the right product suite, building deeper and stronger relationships with our current and new customers, and building a greater focus on revenue growth.

For shareholders, we believe this will offer the best opportunity to provide a better than satisfactory return in the future.

Our Thanks

As a technology company, our most important asset are our people. We are fortunate to have many capable and committed people who manage and work within our businesses across the globe. I would like to pass on our thanks to their continued dedication and commitment.

I would also like to thank our shareholders for their continued support, and to our directors who are happy to go "above and beyond" to ensure the success of our company.

Karl P Jacoby
Executive Chairman

DIRECTORS' PROFILES

KARL JACOBY

GradDip Mgt, FAICD
Independent: No

Executive Chairman

Karl is an active technology and property investor and previously has had exposure to a range of industry sectors and businesses. Currently Karl is the Executive Chairman, and the largest shareholder of Techniche. During his time as MD, Techniche grew from a Tasmanian based IT services company to a global IT company with operations in the 3 key geographies of Europe (UK and Germany), US and Australasia. Karl has a Graduate Diploma in Management, is a Fellow of the Australian Institute of Company Directors, and was a long-standing member of The Executive Connection.

ANDREW CAMPBELL

BSc(Hons), MBA, MACS (Snr)
Independent: Yes

Non-Executive Director

Andrew has a career in building growth software and technology businesses, as a general manager, CTO, business development and in other executive and advisory roles. This includes hands on roles responsible for leading and executing strategies for corporate, R&D, product management, investment and business development and governance. He has developed and delivered substantial product and business growth across major regions including as global CTO for Saville Systems (NASDAQ:SAVLY). Andrew currently works with a range of technology entrepreneurs and investors to establish and build successful technology companies in emerging application areas.

Mr. Campbell is Chairman of the Audit Committee and a member of the Remuneration Committee.

ANASTASIA ELLERBY

BBus, MBA
Independent: Yes

Non-Executive Director

Anastasia is an entrepreneur who is recognised globally for her expertise in HR technology. Anastasia was one of the founders of Infohrm, a Brisbane based HR Software company. Infohrm grew from its Brisbane base to become a recognised global leader in Workforce planning and analytics software with Fortune 500 customers across USA, Eurpoe and Asia. In 2010 Inform was acquired by Success Factors and subsequently by German based software company SAP. During her 21 year tenure Anastasia led the growth and development of the firm, with a focus on Product Management and Customer Service. Anastasia is a graduate of business from Griffith University and Bond University where she received her MBA with Distinction. Anastasia is an active member in a number of community organisations, has served on boards for tech start up's and educational facilities.

Mrs. Ellerby is Chair of the Remuneration Committee.

DIRECTORS' PROFILES (CONTINUED)

MARK GILL

BE(Hons)
Independent: Yes

Non-Executive Director

Mark is one of the three founders of Brisbane Venture Capital Fund Manager, Talu Ventures. He has almost 30 years of experience in the technology sector including ten years in venture capital investing, with a strong background in hardware and software engineering. Mark oversees all aspects of Talu's IT and Telecommunication investments.

Prior to venture investing, Mark spent 16 years in various General Management, Chief Executive, and Global Sales/Marketing roles with a central theme of building organizations to deliver technologies to the global market. With experience developing, commercializing and selling complex systems in more than 30 countries, Mark has confronted the plethora of challenges facing entrepreneurs and managers in the technology sector, including operations and capital raising.

Mark has twice been CEO of growing Australian technology companies that have successfully completed trade sales to multinational organisations. In between those two Mark lived and worked in the USA running global sales for a fast-growing telecom software company. Mark remains on the Board of a number of technology companies both here and in the US and is a Fellow of the Australian Institute of Company Directors.

Mr. Gill is a member of the Audit Committee

GLOBAL LEADERSHIP GROUP

DAVID WILSON

BBus, CPA

Chief Financial Officer, Techniche Ltd.

David has more than 30 years' experience in the finance and investment industries. Prior roles included senior executive positions with a range of international and domestic banking institutions where he has managed teams of finance professionals and implemented business systems and improvement initiatives. He held the role as the Techniche Group Financial Controller from 2014 until 2018 when he was promoted to the role of Chief Financial Officer.

David is a member of CPA Australia.

PAUL DJURIC

CEO, Urgent Technology Ltd/Regional Manager EMEA.

Paul Djuric joined Urgent Technology in 2014 as UK Operations Manager, taking on the role as CEO in early 2018. Paul is graduate in computer science and management, and brings 12 years' experience in the facilities management sector where he has worked in a variety of operations, service delivery and business strategy roles.

JOHN SIRIANNI

President & CEO Statseeker Inc./Regional Manager Americas.

John's career spans 30 years of senior strategic and operational management positions for leading software, service and platform companies in Networking, Cyber Security, IoT, Intelligent Automation and IT Systems. He joined Stateeker in 2017 as the COO and promoted to CEO in February 2018. He lives in San Diego California and has multiple Engineering degrees.

JAMES WELLS

COO, Statseeker/Regional Manager APAC.

James Wells has served as the Operations manager in Statseeker since June 2013 and is responsible for managing the Infrastructure, Support and Quality Assurance teams. James has over 18 years' experience in the network management/monitoring industry and brings a wealth of skill and knowledge to the business which he gained while working for large telco and banking organisations as an integrator and consultant.

SHARE INFORMATION

The shareholder information set out below was applicable as at 4 September 2018.

Techniche Limited

Issued Capital Ordinary Shares: 218,743,788 as at 4 September 2018.

Details of Incorporation

Registered as a company in Australia, 20 March 1984.

Substantial Shareholders

Substantial holders (holding above 5%) in the company as disclosed in substantial holding notices given to the Company are set out below:

	Number held	Percentage
Ordinary shares		
Jacoby Management Services Pty Ltd	45,519,378	20.81
Hooks Enterprises Pty Limited (Hoeksema Super Fund)	35,000,000	16.00
Durbin Superannuation Pty Ltd	15,638,592	7.15

Stock Exchange Listing

Quotation has been granted for all the ordinary fully paid shares of the company on the Australian Securities Exchange.

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a. **Ordinary shares**
   On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b. **Options**
   No voting rights.

Significant Foreign Shareholdings

As at 4 September 2018, there were no significant foreign shareholdings in Techniche.

Unquoted Securities

There are no unquoted securities on issue at 4 September 2018.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Shares	% Total Shares
1 – 1,000	94	42,696	0.02
1,001 – 5,000	86	256,788	0.12
5,001 – 10,000	94	767,543	0.35
10,001 – 100,000	341	12,295,704	5.62
100,001 and over	146	205,381,057	93.89
Total	**762**	**218,743,788**	**100.00**

The number of holder accounts holding a balance less than a marketable parcel was 317 based on a closing price of $0.039 on 4 September 2018. The total number of shares registered to such holder accounts was 1,562,972. A marketable parcel is defined under the ASX Listing Rules as a holder account with a value less than $500 based on the last sale on any date. As mentioned above, the last sale price on 4 September 2018 was $0.039 and the Company has used this price for this disclosure. The minimum number of shares required to be held in any account for that account to constitute a marketable parcel is 12,821 shares based on this price.

SHAREHOLDER INFORMATION

TECHNICHE'S TWENTY LARGEST SHAREHOLDERS AS AT 4 SEPTEMBER 2018

Shareholder		Shares	% Total Shares
1	Jacoby Management Services Pty Ltd	45,519,378	20.81
2	Hooks Enterprises Pty Limited (Hoeksema Super Fund)	35,000,000	16.00
3	Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	15,638,592	7.15
4	Tara Group Pty Ltd	7,621,949	3.48
5	Tappak Nominees Pty Ltd (Sheppard Group Superfund A/C)	5,738,480	2.62
6	George Edward Chapman	5,000,000	2.29
7	Mr Peter Raymond Burnitt (Burnitt Family S/F A/C)	3,661,920	1.67
8	Buratu Pty Ltd (Connolly Super Fund A/C)	3,400,000	1.55
9	Mr Ian Harvey Carey	3,399,654	1.55
10	Mr Andrew Lambert Campbell + Mrs Tegwen Eleanor Howell (Superware Super A/C)	3,254,101	1.49
11	Geomar Superannuation Pty Ltd (Chapman Super Fund A/C)	3,186,094	1.46
12	Mr Kevin Joseph Sheppard (Sheppard & Wells Super A/C)	3,041,280	1.39
13	Zoom Zoom Pty Limited	2,918,783	1.33
14	Beebee Holdings Pty Ltd	2,833,208	1.30
15	Cff Pty Ltd (Crommelin Family Found A/C)	2,500,000	1.14
16	Mr Roy Brammall + Mrs Mona Brammall (Renglade P/L Staff S/F A/C)	2,441,280	1.12
17	Mr Daniel Francis Flynn + Mrs Carmel Mary Flynn (Flynn Family S/F A/C)	2,400,000	1.10
18	Mr Joseph Christopher Browning (Browning Group S/F A/C)	2,000,000	0.91
19	Mr Alex Tau-Kheng Lim	2,000,000	0.91
20	Mrs Mary Anne Baxter	1,800,000	0.82
Total		**153,354,719**	**70.11**

	Investors	Current Balance	% Issued Capital
Total of Top 20 Holders	20	153,354,719	70.11
Total Other Investors	742	65,389,069	29.89
Total Shares on Issue	**762**	**218,743,788**	**100.00**

TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

FINANCIAL REPORT 2018

DIRECTORS' REPORT

The directors of Techniche Limited submit herewith the annual report of Techniche Limited ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

PRINCIPAL ACTIVITIES

The principal activity of the Group has changed from a technology investment company to a technology company. Our focus for the future is to create (build, buy or partner) a platform of applications that address the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. We want to take advantage of our customer relationships and market reach in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

OPERATING RESULTS

The consolidated loss of the Group from continuing and discontinued operations after providing for income tax amounted to $1,723,822 [2017: profit of $856,152].

REVIEW OF OPERATIONS

As detailed in this report, the Board and management have made a number of material changes to the operations of the company as it moves from a technology investment company to technology company.

For shareholders, we believe this will offer the best opportunity to provide a better than satisfactory return in the future.

Earnings per share decreased by 1.15 cents per share from an after-tax profit of 0.38 cents per share for the year ended 30 June 2017 to a loss of 0.77 cents per share for the current year to 30 June 2018 from continuing and discontinued operations.

A detailed review of the operations of the Group during the financial is set out in the Executive Chairman's report.

DIVIDEND

During the year (on 30 September 2017) the Company paid a dividend of 0.35 cents per share (totalling $782,574). No dividend has been declared in respect of the year ended 30 June 2018.

FINANCIAL POSITION

Net assets of the Group have decreased by $2,029,007 from $16,014,465 in 2017 to $13,985,458. This decrease is primarily explained as follows:

- The Company acquired the remaining 50% of the issued capital of Network Monitoring Holdings Pty Ltd, the ultimate holding company of the Statseeker business, on 30 January 2018. This resulted in the upward revaluation of the initial 50% investment in Statseeker of $545,584.
- As a result of a review of intangible assets acquired as part of the Statseeker business, the directors were of the opinion that there was insufficient certainty as to the recoverability of Capitalised Software Development relating to the historical direct costs of projects from the continuing development of software product innovations. An impairment provision was raised for $1,157,648 (after tax $810,353).
- The restructure of the Statseeker business into the Techniche Group resulted in raising a provision for $336,713.
- Following a sale process for its investment in ERST European Retail Systems Technology GmbH, a loss from these discontinued operations of $304,230 was reported. This consisted of a loss on disposal of $602,223 and partly offset by an operating profit after tax for the three months to September of $297,994.
- Cash balances remain sound at $3,115,672 [2017: $4,131,886] despite acquiring the remaining 50% of issued shares in Statseeker that were not previously owned, the payment of a dividend and the implementation of an on-market share buy-back.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

As referenced in earlier commentary, it is the opinion of directors that the current share price does not reflect the true value of the underlying technologies that we own, or the markets that we operate in, or the quality of customers that we deal with regularly.

As mentioned elsewhere in this report, our focus for the future is to create (build, buy or partner) a platform of applications that address the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. We want to take advantage of our customer relationships and market reach in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

This will mean investment in creating the right product suite, building deeper and stronger relationships with our current and new customers, and building a greater focus on revenue growth.

For shareholders, we believe this will offer the best opportunity to provide a better than satisfactory return in the future.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

As previously stated, the company has disposed of its' investment in ERST European Retail Systems Technology GmbH, acquired the remaining 50% of shares it did not already own in Network Monitoring Holdings Pty Ltd and reset it's strategy, moving from a technology investment company to a technology company focussed around the convergence of operational assets (OT) and technology assets (IT).

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

ENVIRONMENTAL ISSUES

The Group's operations are not currently subject to significant environmental regulation under the law of the Commonwealth and State.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director	Qualifications and experience	Special responsibilities	Interest in shares at 30 June 2018
KARL JACOBY (Executive Chairman) Grad Dip Bus Admin, FAICD	Karl is an active business, property and angel investor. Karl has a Graduate Diploma in Management, is a Fellow of the Australian Institute of Company Directors.	Executive Director Karl was appointed Chairman on close of the 2012 AGM.	45,519,378 ordinary shares
ANDREW CAMPBELL BSc(Hons), MBA MACS (Snr)	Andrew has an extensive technology and investment background. Currently Andrew is engaged with development and investment in businesses within emerging technology/application spaces.	Non-executive Director from 27 August 2014 Member of Audit Committee. Member of Remuneration Committee.	3,254,101 ordinary shares
ANASTASIA ELLERBY BBUS, MBA	Anastasia is a graduate of business from Griffith University and Bond University where she received her MBA with Distinction. Anastasia is an active member in a number of community organisations, has served on boards for tech start up's and educational facilities.	Non-executive Director from 1 July 2018 Member of Remuneration Committee.	Nil ordinary shares
MARK GILL BE(HONS)	Mark is one of the three founders of Brisbane Venture Capital Fund Manager, Talu Ventures. He has almost 30 years of experience in the technology sector including ten years in venture capital investing, with a strong background in hardware and software engineering.	Non-executive Director from 1 July 2018 Member of Audit Committee	Nil ordinary shares
BRUCE SCOTT FAICD	Bruce is a director of NBC Capital. His career spans 25 years in stock-broking, corporate advisory and as a private equity investor. Bruce has invested in over 35 private firms during the last 19 years. He is the Managing Director and Chief Investment Officer of NBC Capital.	Non-executive Director from 1 April 2013 Resigned 2 April 2018	7,621,949 ordinary shares
JOHN LEMON BA, LLB(Hons), Grad Dip AppFin, Grad.Dip. AppCorpGov, AGIA	John is a professional consultant providing company secretary and director service.	Non-executive Director from 2 April 2018 Resigned 1 July 2018	33,334 ordinary shares

DIRECTORS' REPORT

	Directorships held with listed companies	
Director	**Current**	**Prior three years**
KARL JACOBY	None	None
ANDREW CAMPBELL	None	None
ANASTASIA ELLERBY	None	None
MARK GILL	None	None

MEETINGS OF DIRECTORS

During the financial year, 16 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meeting		**Audit committee**		**Remuneration committee**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
KP Jacoby	13	13	-	-	-	-
BR Scott(i)	11	10	3	3	-	-
A Campbell	13	13	3	3	-	-
J Lemon	2	2				

(i) Bruce Scott resigned 2 April 2018

DIRECTORS' REPORT

COMPANY SECRETARY

The following person held the position of company secretary during the entire financial year:

John Andrew Lemon

(BA, LLB (Hons), GDipAppFin (Finsia), Grad.Dip.AppCorpGov, AGIA)

Mr Lemon is a professional consultant providing company secretary and director services.

INDEMNIFICATION OF OFFICERS

During or since the end of the reporting period, the parent entity has paid premiums in respect of a contract insuring all the directors and officers of Techniche Limited and its wholly owned subsidiaries against claims, proceedings, liabilities and expenses incurred in their job as director or officer of the company or wholly owned subsidiary except where the liability arises out of conduct involving a wilful breach of duty or where the liabilities have been imposed by law or for any legal action or litigation outside the jurisdiction of the contract. The total amount of the insurance contract premium paid was $50,706 [2017: $15,821]. During the previous reporting period, the insurance expiry date was changed to 30 June. The premium paid during that year represented the extension to the prior year cover to 30 June 2017.

OPTIONS

At the date of this report, there were no unissued ordinary shares of Techniche Limited under option [2017: Nil].

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that no services outside the scope of the audit were provided by the Company's auditors.

There are no officers of the company who are former audit partners of PKF Hacketts Audit.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 30 of the Annual Report.

DIRECTORS' REPORT

Remuneration Report (Audited)

REMUNERATION POLICY

The Company's remuneration policy has been designed to align directors and management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short and longer-term incentives based on key performance areas affecting the Group's financial results. The board believes the remuneration policy to be appropriate to attract and retain the best persons to run and manage the Company's businesses, as well as create a common interest in goals between directors, managers and shareholders.

Remuneration of non-executive directors comprise fees determined having regard to industry practice, the need to obtain appropriately qualified independent persons and consideration of costs for persons of similar levels of responsibility. Fees do not include non-monetary elements provided during the year. Fees for the executive director were not linked to the performance of the Company.

The board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy is required to be developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the budgeted growth of the individual business unit revenue, profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

PERFORMANCE BASED REMUNERATION

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure participation. The measures are specifically tailored to the areas each individual is involved in and over which they have a level of control. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the respective business unit and respective industry standards.

DIRECTORS' REPORT

Remuneration Report (Audited)

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 by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

The remuneration structure for management seeks to emphasise payment for results through providing various reward schemes such as the incorporation of incentive payments based on the achievement of sales and profit targets. The objective of the reward schemes is to reinforce the short and long-term goals of the Company including long term growth in shareholder wealth.

PERFORMANCE CONDITIONS LINKED TO REMUNERATION

The Company seeks to emphasise reward incentives for results and continued commitment to the Company through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of both revenue growth and profit targets and continued employment with the Company.

The performance related proportions of remuneration based on profit targets are included in the table that appears on page 27. The objective of the reward schemes is to both reinforce the short and long-term goals of the Company and to provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Company as such figures reduce 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.

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

The following tables provide employment details of persons who were, during the financial year, members of key management personnel of the Company, and to the extent different, were amongst the five Company executives receiving the highest remuneration. The table on page 27 also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of performance incentives.

The employment terms and conditions of key management personnel and group executives are formalised in contracts of employment. Terms of employment require the relevant business unit provide an executive contracted person with a minimum of three months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis with a minimum of three-month notice period termination contract, may terminate their employment by providing at least three months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

DIRECTORS' REPORT

Remuneration Report (Audited)

	Position held as at 30 June 2018 and any changes during the year	Contract details
Group Key Management Personnel		
J Sirianni	Chief Executive Officer, Statseeker Group	Permanent employment with annual review of salary and bonus
P Djuric	Chief Executive Officer, Urgent Technology Group	Permanent employment with annual review of salary and bonus
D Wilson	Chief Financial Officer, Techniche Limited	Permanent employment with annual review of salary and bonus

CHANGES IN EXECUTIVES SUBSEQUENT TO YEAR END

There have been no changes to executives since 30 June 2018.

DIRECTORS' REPORT

Remuneration Report (Audited)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2018

The following table lists payments and benefits details, in respect to the financial year, the components of remuneration for each member of the key management personnel for the Group and, to the extent different, the five Group executives receiving the highest remuneration:

		Short-term employee benefits		Post-employment benefits		Share-based payment		
		Cash salary & fees	*Bonus / Incentives*	*Superannuation*	*Termination*	*Options*	*Total*	*Performance Related*
Board								
K P Jacoby (Executive Chairman)	**2018**	**62,124**	**-**	**24,996**	**-**	**-**	**87,120**	**-**
	2017	62,124	-	24,996	-	-	87,120	-
B R Scott(i)	**2018**	**13,920**	**-**	**18,750**	**-**	**-**	**32,670**	**-**
	2017	11,477	-	32,083	-	-	43,560	-
A Campbell	**2018**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2017	12,260	-	31,300	-	-	43,560	-
Company Secretary								
J A Lemon	**2018**	**40,321**	**-**	**-**	**-**	**-**	**40,321**	**-**
	2017	28,131	-	-	-	-	28,131	-
Other key management personnel of controlled entities								
D Nelson(ii)	**2018**	**104,628**	**-**	**9,287**	**-**	**-**	**114,774**	**-**
	2017	250,000	-	23,750	-	-	273,750	-
T Huben(iii)	**2018**	**52,085**	**-**	**-**	**-**	**-**	**52,085**	**-**
	2017	219,479	65,207	-	-	-	284,686	23%
P Djuric(iv)	**2018**	**144,642**	**-**	**23,329**	**-**	**-**	**167,971**	**-**
	2017	-	-	-	-	-	-	-
J Klebba	**2018**	**141,158**	**-**	**-**	**-**	**-**	**141,158**	**-**
	2017	251,822	-	-	-	-	251,822	-
D Wilson	**2018**	**136,000**	**-**	**12,920**	**-**	**-**	**148,920**	**-**
	2017	132,613	-	12,598	-	-	145,211	-
Total	**2018**	**734,659**	**-**	**93,061**	**-**	**-**	**827,720**	
	2017	967,906	65,207	124,727	-	-	1,157,840	

(i) Resigned 2 April 2018 (ii) Resigned 21 November 2017 (iii) Remuneration shown until divestment of ERST on 30 September 2017 (iv) Appointed as CEO from 1 January 2018

DIRECTORS' REPORT

Remuneration Report (Audited)

SHAREHOLDING OF KEY MANAGEMENT PERSONNEL AT 30 JUNE 2018

The number of ordinary shares in Techniche Limited held during the financial year by key management personnel of the Group is as follows

	Opening balance	Granted as remuneration	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2018					
Directors					
K P Jacoby	45,519,378	-	-	-	45,519,378
B R Scott (resigned 2 April 2018)	6,780,000	-	-	841,949	7,621,949
A Campbell	2,555,055	-	-	699,046	3,254,101
Other Key Management Personnel					
J Lemon	-	-	-	33,334	33,334
D Nelson (resigned 21 November 2017)	769,965	-	-	-	769,965
D Wilson	730,000	-	-	400,000	1,130,000
Total	56,354,398	-	-	1,974,329	58,328,727
2017					
Directors					
K P Jacoby	45,312,378	-	-	207,000	45,519,378
B R Scott	6,780,000	-	-	-	6,780,000
A Campbell	1,105,055	-	-	1,450,000	2,555,055
Other Key Management Personnel					
D Nelson	-	-	-	769,965	769,965
D Wilson	450,000	-	-	280,000	730,000
Total	53,647,433	-	-	2,706,965	56,354,398

DIRECTORS' REPORT

Remuneration Report (Audited)

STATUTORY PERFORMANCE INDICATORS

The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts or remuneration to be awarded to KMPs (see remuneration details above). As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2018	2017	2016	2015	2014
Profit for the year attributable to owners of Techniche Limited	(1,723,822)	856,152	997,857	2,906,961	2,470,544
Basic earnings per share (cents)	(0.77)	0.38	0.45	1.30	1.10
Dividends per share (cents)	0.35	0.35	0.35	0.49	0.20
Closing share price ($)	0.04	0.05	0.06	0.08	0.08
Total KMP incentives as percentage of profit/(loss) for the year (%)	-	7.6	11.4	2.9	12.5

- End of remuneration report (audited) –

The Directors' Report, incorporating the Remuneration Report is signed in accordance with a resolution of the Directors.

K P Jacoby

Executive Chairman

Brisbane, 28 September 2018

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
TECHNICHE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

PKF Hacketts

PKF HACKETTS AUDIT

LIAM MURPHY
PARTNER

28 SEPTEMBER 2018
BRISBANE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	NOTE	**Year ended 30 June 2018 $**	Year ended 30 June 2017 $
Revenue from continuing operations			
Revenue from wholly owned subsidiaries	2	**6,417,139**	3,900,777
Return from joint ventures	2	**(94,102)**	343,609
		6,323,037	4,244,386
Foreign exchange gain / (loss)		**(133,024)**	(66,449)
Gain on step acquisition	14	**545,584**	-
Other income		**17,825**	10
Expenses			
Auditor remuneration	3	**(90,739)**	(78,441)
Consulting fees		**(651,828)**	(173,358)
Infrastructure costs		**(387,549)**	(304,223)
Depreciation & amortisation expense		**(392,049)**	(42,067)
Directors remuneration		**(149,178)**	(159,123)
Employee benefits expense		**(4,168,914)**	(3,234,649)
Insurance		**(97,894)**	(74,296)
Travel expenses		**(183,369)**	(175,368)
Premises expenses		**(354,936)**	(255,683)
Sales & Marketing		**(741,571)**	(124,452)
Share registry and listing fees		**(64,434)**	(64,063)
Restructure costs		**(336,713)**	-
Impairment		**(1,157,648)**	-
Other expenses		**(258,449)**	(266,683)
Loss before income tax		**(2,281,849)**	(774,687)
Income tax benefit / (expense)	6	**862,258**	30,407
Loss for the year from Continuing Operations		**(1,419,591)**	(744,280)
Profit / (loss) for the year from Discontinued Operations	28	**(304,231)**	1,600,432
Profit / (loss) for the year attributable to the members of the parent entity		**(1,723,822)**	856,152
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**604,886**	(399,767)
Income tax relating to components of other comprehensive income		**-**	-
Other comprehensive income for the year		**604,886**	(399,767)
Total comprehensive income attributable to members of the parent entity		**(1,118,936)**	456,385
Earnings per share from continuing & discontinued operations			
Basic & diluted earnings (cents per share)	5	**(0.77) cents**	0.38 cents
Earnings per share from continuing operations			
Basic & diluted earnings (cents per share)	5	**(0.64) cents**	(0.33) cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	2018	2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	8	**3,115,672**	4,131,886
Trade and other receivables	9	**2,139,825**	670,633
Loan to associated entities	9	**-**	75,000
Assets classified as held for sale	27	**-**	4,370,655
Other current assets	10	**249,553**	65,397
Total current assets		**5,505,050**	9,313,571
Non-current assets			
Investments in Joint Ventures	14	**-**	1,912,268
Loan and other receivables from associated entities	24,25	**-**	1,250,000
Property, plant and equipment	11	**146,284**	110,054
Deferred Tax Asset	7	**823,272**	-
Intangible assets	12	**12,633,843**	5,073,567
Total non-current assets		**13,603,399**	8,345,889
Total assets		**19,108,449**	17,659,460
LIABILITIES			
Current liabilities			
Trade and other payables	15	**728,485**	269,636
Unearned income	18	**3,603,880**	842,130
Current tax liabilities	16	**5,659**	1,102
Short term provisions	17	**748,652**	124,667
Liabilities classified as held for sale	28	**-**	407,461
Total current liabilities		**5,086,676**	1,644,996
Non-current liabilities			
Long term provisions	17	**36,315**	-
Total non-current liabilities		**36,315**	-
Total liabilities		**5,122,991**	1,644,996
NET ASSETS		**13,985,458**	16,014,465
Equity			
Issued capital	19	**70,211,280**	70,338,778
Reserves	20	**(760,100)**	(1,364,987)
Accumulated losses		**(55,465,722)**	(52,959,326)
TOTAL EQUITY		**13,985,458**	16,014,465

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Ordinary shares	Retained earnings	FX translation reserve	Total
	$	$	$	$
Balance at 30 June 2016	**70,338,778**	**(53,032,904)**	**(965,221)**	**16,340,653**
Profit attributable to members of the parent	-	856,152	-	856,152
Total other comprehensive income	-	-	(399,766)	(399,766)
Sub total		856,152	(399,766)	456,386
Dividends paid or provided for	-	(782,574)	-	(782,574)
Balance at 30 June 2017	**70,338,778**	**(52,959,326)**	**(1,364,987)**	**16,014,465**
Profit attributable to members of the parent	-	(1,723,822)	-	(1,723,822)
Total other comprehensive income	-	-	604,886	604,886
Sub total		(1,723,822)	604,886	(1,118,936)
Share capital reduction	(127,498)	-	-	(127,498)
Dividends paid or provided for	-	(782,573)	-	(782,573)
Balance at 30 June 2018	**70,211,280**	**(55,465,722)**	**(760,100)**	**13,985,458**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Receipts from customers		**6,719,397**	8,559,212
Payments to suppliers and employees		**(7,333,877)**	(6,795,391)
Interest received		**17,825**	-
Other receipts from joint venture		**-**	242,000
Interest received from joint venture		**-**	193,750
Income tax refund / (paid)		**81,145**	(173,419)
Net cash provided by (used in) operating activities	23(b)	**(515,510)**	2,026,152
Cash flows from investing activities			
Purchase of shares in joint venture (net of cash required)		**(1,333,983)**	-
Purchase of plant and equipment		**(30,024)**	(9,644)
Proceeds from sale of held for sale assets		**2,156,769**	-
Payment of intangible assets		**(1,427,197)**	-
Net cash provided by (used in) investing activities		**(634,435)**	(9,644)
Cash flows from financing activities			
Consideration paid – Share buy back		**(127,498)**	-
Dividends paid		**(782,573)**	(782,573)
Net cash provided by (used in) financing activities		**(910,071)**	(782,573)
Net increase (decrease) in cash held		**(2,060,016)**	1,233,934
Effects of functional currency exchange rate changes		**223,004**	(111,721)
Cash at the beginning of the year		**4,952,684**	3,830,471
Cash at the end of the year	23(a)	**3,115,672**	4,952,684

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

These consolidated financial statements and notes represent those of Techniche Limited (the "Company") and controlled entities (the "consolidated group" or "Group").

The separate financial statements of the parent entity Techniche Limited have not been presented within the financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 September 2018 by the directors of the company

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general-purpose financial statements 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 Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. 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.

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;
ii. any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
iii. the acquisition date fair value of any previously held equity interest,

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Techniche Limited and its wholly-owned Australian controlled entities have decided not to implement the tax consolidation legislation that came into effect on 1 July 2003. At this stage, a decision has been made not to enter the tax consolidation regime to 30 June 2018 and no decision has been made on whether the entity intends to implement the tax consolidation legislation in a future reporting period.

C. PLANT AND EQUIPMENT

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	*10% to 40%*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

D. FINANCIAL INSTRUMENTS

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified as 'at fair value through profit or loss in which case the transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

E. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*).

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

F. INTEREST IN JOINT VENTURES

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 14.

G. INTANGIBLES (OTHER THAN GOODWILL)

Intellectual property rights

Intellectual property rights acquired as part of a business combination are recognised separately from goodwill. Intellectual property rights are considered to have an indefinite life and are not amortised; instead they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The intellectual property rights are carried at their fair value at the date of acquisition less impairment losses.

H. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at monthly average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed of.

I. EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

J. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

L. REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

M. TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

N. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

O. ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

P. COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Q. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates - Impairment of intangible assets

The Group assesses impairment at each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

A review of the intangible assets acquired as part of the acquisition of Network Monitoring Holdings Pty Ltd and its' subsidiaries assessed that there was insufficient certainty as to the recoverability of Capitalised Software Development relating to the historical direct costs of projects from the continuing development of software product innovations. The carrying value of software and capitalised software development was $2,062,739 [2017: $nil] and an impairment charge of $1,157,648 was recognised during the current financial year. Further details are set out in Note 12.

Carrying value of deferred taxation assets

Deferred tax assets of $823,272 [2017: $nil] have been recognised in respect of tax losses, employee entitlements and other timing differences relating to Network Monitoring Holdings Pty Ltd and its' subsidiaries ("Statseeker").

The existence and timing of sufficient future taxable profits could be affected by several factors including the market conditions, the ability to maintain / grow revenues and control of its' operating costs. Should insufficient future profits be generated by Network Monitoring Holdings Pty Ltd and its' subsidiaries, the Group may need to revise the carrying value of these assets. The Group makes estimates in relation to the ability for such profits to be generated against which to relieve the assets.

R. NEW ACCOUNTING STANDARDS, AND ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretation issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets and simplifications to the accounting of embedded derivatives. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by *AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15*). When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise 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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors anticipate that the adoption of AASB 15 will have an impact on the Group's financial statements. In particular, the recognition of software licence revenue will be spread evenly once the accounting standard is implemented as opposed to the current practice of recognizing when invoiced. While this will not have a material impact on annual revenue recognised, it will reduce the current seasonality bias experienced in the second half of the financial year from this type of revenue. Other impacts may include the timing of recognition of certain project revenues, however it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will impact the Group's financial statements and all operating leases will be recognised on the Statement of Financial Position as a right-to-use asset with a corresponding lease liability. However, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2. REVENUE FROM ORDINARY ACTIVITIES

The following discloses the nature of income or expense items where it has not been disclosed in the statement of comprehensive income:

	2018 $	2017 $
Revenue from wholly owned subsidiaries		
Provision of IT services	**6,417,139**	3,900,777
Return from joint ventures		
Management fee received from associate	**70,000**	120,000
Interest received from associate	**43,750**	75,000
Share of net profit /(loss) of joint venture accounted for using the equity method	**(207,852)**	148,609
	(94,102)	343,609
Total revenue from ordinary activities	**6,323,037**	4,244,386

NOTE 3. AUDITOR'S REMUNERATION

	2018 $	2017 $
Remuneration of the auditor of the parent entity (PKF Hacketts Audit) for:		
- auditing or reviewing the financial report	**65,000**	50,500
- non-audit-related services	**-**	-
	65,000	50,500
Remuneration of other auditors (PKF network firms) for:		
- auditing or reviewing the financial report of subsidiaries	**25,739**	27,941
	90,739	78,441

NOTE 4. PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards:

	2018 $	2017 $
Statement of Financial Position		
Current assets	**2,208,556**	4,086,805
Total assets	**17,049,458**	21,872,770
Current liabilities	**200,009**	100,759
Total liabilities	**200,009**	100,759
Issued capital	**70,211,280**	70,338,778
Accumulated losses	**(53,361,831)**	(48,566,766)
Total equity	**16,849,449**	21,772,012
Statement of Comprehensive Income		
Profit/(loss) for the year	**4,012,491**	1,025,685
Total comprehensive income for the year	**4,012,491**	1,025,685

Financial guarantees

The Parent Entity has agreed to provide financial support in relation to trade debts or debts incurred by its subsidiaries that are incurred in the ordinary course of their business.

NOTE 4. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

Contingent liabilities

The Parent Entity did not have any contingent liabilities as at 30 June 2018 [2017: nil].

Commitments

At 30 June 2018, the Parent Entity had not entered into any contractual commitments for the acquisition of property plant and equipment [2017: nil]

NOTE 5. EARNINGS PER SHARE

	2018	2017
	$	$
a) Reconciliation of earnings to profit or loss		
Earnings used to calculate basic and diluted earnings per share – continuing and discontinued operations	**(1,723,822)**	856,152
Earnings used to calculate basic and diluted earnings per share continuing operations	**(1,419,592)**	(744,277)
b) **Weighted average number of ordinary shares**		
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**223,260,129**	223,592,656
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	**223,260,129**	223,592,656
Basic and diluted earnings per share from continuing and discontinued operations (cents per share)	**(0.77) cents**	0.38cents
Basic and diluted earnings per share from continuing operations (cents per share)	**(0.64) cents**	(0.33) cents

NOTE 6. INCOME TAX

	2018	2017
	$	$
a) The components of income tax expense comprise:		
Current tax benefit / (expense)	**366,570**	30,407
Deferred tax	**470,414**	-
Under / (over) provided in prior years	**-**	-
	836,984	30,407
b) The prima facie income tax expense on profit from ordinary activities		
Prima facie tax receivable / (payable) on (loss) / profit from ordinary activities before income tax at 27.5% [2017: 27.5%]	**549,659**	213,039
Add/(less) tax effect of:		
Non-assessable share of net profit/(loss) from joint venture	**(56,120)**	40,867
Non-assessable gain on step acquisition	**147,308**	-
(Non-deductible) Impairment	**(312,565)**	-
(Non-deductible) Restructure	**(90,912)**	-
(Non-deductible) Capitalised expenses	**178,293**	-
(Non-deductible) unrealised foreign exchange(gains)/losses	**(33,726)**	(18,274)
Add: tax withheld on income from foreign subsidiaries	**-**	(17,267)
Less: prior year tax adjustments	**28,502**	13,810
Losses for which no deferred tax asset has been recognised	**451,819**	(201,768)
Income tax benefit / (expense)	**836,984**	30,407
Income tax attributable to continuing operations	**862,258**	-
Income tax attributable to discontinued operations	**(25,274)**	-
Income tax benefit / (expense)	**836,984**	30,407
Weighted average effective tax rate	**37.8%**	3.9%

There have been no changes to the income tax rates applied by the income tax authorities of the jurisdictions in which the Group operates. The movement in the weighted average effective tax rate reflects the relative mix of taxable items that are contained within the Groups continuing operations which vary from year to year. These items include the impact of the on-going expenditure on eligible research and development relating to the redevelopment of Group software within Australia and the United Kingdom.

c) Tax losses:

	2018	2017
Unused tax losses for which no deferred tax asset has been recognised	**50,602,632**	50,824,175
Potential tax benefit at 27.5% [2017: 27.5%]	**13,662,711**	13,722,527

All unused tax losses were incurred by Australian entities. Deferred tax assets in respect of the above unused tax losses have not been brought to account at year end other than Network Monitoring Holdings Pty Ltd. The benefits from other tax losses will only be realised if it is probable that future tax profits will be available against which deductible losses can be utilised.

These benefits will only be obtained if –

i. the Group derives future assessable income of a nature and of an amount sufficient to enable benefit from the deduction for the loss to be realised;
ii. the Group continues to comply with the conditions for deductibility imposed by law; and
iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

d) Tax consolidation legislation

Techniche Limited and its wholly-owned Australian controlled entities have decided not to implement the tax consolidation legislation as of 1 July 2003. At this stage, a decision has been made not to enter the tax consolidation regime to 30 June 2018 and no decision on whether the entity intends to implement the tax consolidation legislation in a future reporting period has been made.

NOTE 7. DEFERRED TAX ASSETS

	2018	2017
	$	$
The balance comprises temporary differences attributable to:		
Tax losses	**590,656**	-
Employee entitlements	**76,968**	-
Accruals	**92,564**	-
Other	**63,084**	-
	823,272	

Movement in deferred tax assets:

	Tax Losses	Employee Entitlements	Accruals	Other	Total
	$	$	$	$	$
Balance at 1 July 2017	-	-	-	-	-
(Charged) / credited to profit or loss	468,055	8,461	(49,186)	43,084	470,414
Additions through business combinations	122,601	68,507	141,750	20,000	352,858
Balance at 30 June 2018	**590,656**	**76,968**	**92,564**	**63,084**	**823,272**

NOTE 8. CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank and on hand	**3,115,672**	4,131,886

The effective interest rate on short-term bank deposits was between 0.0% and 1.0% [2017: between 0.0% and 1.0%].

NOTE 9. TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Current		
Trade receivables	**1,652,362**	488,467
Deferred settlement- sale of ERST	**117,224**	-
Other receivables	**370,239**	182,166
Provision for impairment	**-**	-
	2,139,825	670,633
Loan to associated entities	-	75,000
	2,139,825	745,633

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is considered to be related to the class of assets described as Trade and other receivables.
On a geographic basis, the Group has significant credit risk exposures to Australia, United States of America and Europe given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date to those regions is as follows:

Europe	**242,785**	-
United Kingdom	**147,733**	226,300
United States of America	**634,528**	294,046
Australia	**1,114,779**	225,287
	2,139,825	745,633

Provision for impairment of receivables
Current trade receivables are non-interest-bearing loans and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item. Movement in the provision for impairment of receivables is as follows:

	Opening balance	**Charge for year**	**Provision no longer required**	**Closing balance**
	$	$	$	$
2018				
Provision for impairment	**-**	**-**	**-**	**-**
2017				
Provision for impairment	-	-	-	-

NOTE 9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit Risk – trade and other receivables

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross	Past due and impaired	Past due but not impaired (days overdue)				Within trade terms
			< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	$	$	$	$	$	$	$
2018							
Trade receivables	**1,652,362**	**-**	**279,551**	**13,301**	**19,169**	**40,398**	**1,299,943**
Deferred settlement-sale of ERST	**117,224**	**-**	**-**	**-**	**-**	**-**	**117,224**
Other receivables	**370,239**	**-**	**-**	**-**	**-**	**-**	**370,239**
	2,139,825		**279,551**	**13,301**	**19,169**	**40,398**	**1,787,406**
2017							
Trade receivables	488,467	-	95,468	172,210	6,623	-	214,166
Other receivables	257,166	-	-	-	-	-	257,166
	745,633		95,468	172,210	6,623	-	471,332

Neither the Group nor the parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

NOTE 10. OTHER CURRENT ASSETS

	2018	2017
	$	$
Prepayments	**206,954**	**63,367**
Security deposits	**42,599**	**-**
Work in progress	**-**	**2,030**
	249,553	**65,397**

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	$	$
Plant and equipment at cost	**303,215**	267,158
Accumulated depreciation	**(156,931)**	(157,104)
	146,284	110,054

Movement in carrying amounts

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

Plant and equipment		
Balance at 1 July 2017	**110,054**	164,232
Additions	**99,332**	2,948
Assets included in a disposal group classified as held for sale and other disposals	**-**	(15,059)
Depreciation expense	**(63,102)**	(42,067)
Balance at 30 June 2018	**146,284**	110,054

NOTE 12. INTANGIBLE ASSETS

	Note	2018	2017
		$	$
Goodwill			
Cost		**5,246,290**	-
		5,246,290	-
Intellectual property rights			
Carrying value		**5,324,814**	5,073,567
		5,324,814	5,073,567
Software & Other Intangibles			
Software & Other Intangibles – at cost		**3,127,846**	-
Accumulated depreciation		**(1,065,107)**	-
		2,062,739	-
Total Intangible assets		**12,633,843**	5,073,567

Movement in carrying values

Movement in the carrying amounts of each class of intangible asset between the beginning and end of the financial period

	Note	2018	2017
Goodwill (held for sale)			
Opening Balance		**-**	3,120,250
Foreign currency revaluation		**-**	(14,983)
Transferred to held for sale assets		**-**	(3,105,267)
Goodwill acquired	14	**4,155,124**	-
Provisional Goodwill		**1,091,166**	-
Closing balance		**5,246,290**	-
Intellectual property rights			
Opening Balance		**5,073,568**	5,406,381
Foreign currency revaluation		**251,246**	(332,813)
Closing balance		**5,324,814**	5,073,568
Software and Capitalised Software Development			
Opening Balance		-	-
Software acquired	14	**3,214,078**	-
Capitalised software development since 30 January 2018(i)		**336,030**	-
Amortisation		**(329,721)**	-
Impairment		**(1,157,648)**	-
Closing balance		**2,062,739**	-

(i) Represents the software development costs that were capitalised after the acquisition of Statseeker on the 30 January 2018

NOTE 12. INTANGIBLE ASSETS (CONTINUED)

Impairment disclosures

	2018	2017
	$	$
Goodwill is allocated to cash generating units which are based on the Group's reporting segments		
Statseeker	**5,246,290**	-
Other	**-**	-
Total	**5,246,290**	-

Goodwill was recorded in relation to the acquisition of the Statseeker Group of companies on 30 January 2018. Goodwill is assessed annually for impairment.

Intellectual Property Rights are allocated to cash generating units which are based on the Group's reporting segments.

	2018	2017
Urgent Technology Limited	**5,324,814**	5,073,567
Other	**-**	-
Total	**5,324,814**	5,073,567

Intellectual Property Rights have been recorded in relation to the acquisition of Urgent Technology Limited on 28 May 2010. At the date of the acquisition the excess of the purchase consideration over the Net Tangible Assets acquired was identified as the right to use the eMaintenance Software in servicing the customers of Urgent Technology Limited. The eMaintenance software was subsequently sold by Urgent Technology Limited to Techniche Limited on 14 March 2012, however the rights to use the software remained with Urgent Technology Limited. There is no expiry to the Intellectual Property Rights and the eMaintenance software continues to be maintained. Therefore, the rights have been assessed as having indefinite useful lives and are assessed annually for impairment.

Software is allocated to cash generating units which are based on the Group's reporting segments.

	2018	2017
Statseeker	**2,062,669**	-
Other	**-**	-
Total	**2,062,669**	-

Software was recorded in relation to the acquisition of the Statseeker Group of companies on 30 January 2018. Software is assessed annually for impairment.

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections utilising financial budgets approved by the directors over a five-year period and where justified an additional five-year terminal value discounted at a pre-tax discount rate of 18.0%. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating unit operates. Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical data to project revenues, costs and net profit positions before management fees for the relevant reporting segment.

Scenario testing using reasonable possible changes in the assumptions used had no significant impact on the impairment of these assets

NOTE 13. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1. All subsidiaries have share capital consisting solely of ordinary shares held directly by the Group.

	Country of incorporation	Percentage owned *	
		2018	2017
Subsidiaries of Techniche Limited:		%	%
Techniche Holdings USA Inc.	USA	100	100
ERST International Pty Ltd	Australia	100	100
Urgent Technology Limited	United Kingdom	100	100
Urgent Technologies USA LLC	USA	100	100
Urgent Technologies Australia Pty Ltd	Australia	100	100
Network Monitoring Holdings Pty Ltd (1)	Australia	100	50
Network Monitoring Investments Pty Ltd (1)	Australia	100	50
Statseeker Holdings Pty Ltd (1)	Australia	100	50
Statseeker Pty Ltd (1)	Australia	100	50
Statseeker Inc (1)	USA	100	50

** Percentage of voting power is in proportion to ownership*

(1) Companies acquired that comprise the Statseeker Group of companies that were previously held in a 50% joint venture

NOTE 14. BUSINESS COMBINATIONS

On 30 January 2018, the parent entity acquired a further 50% interest in and control of Network Monitoring Holdings Pty Ltd and its subsidiaries ("Statseeker"), having previously held a 50% interest. Statseeker is a global provider delivering innovative network monitoring solutions for the IT enterprise and OT industrial market space. This interest was acquired from the joint venture partner and was supported by an independent expert report and subsequently approved at a general meeting of shareholders held on the 23 January 2018. The acquisition resulted in Techniche Limited obtaining control of Network Monitoring Holdings Pty Ltd and will allow for greater co-operation and synergies between Group companies. Accordingly, as at 30 June 2018, Network Monitoring Holdings Pty Ltd was a subsidiary rather than an associate of the Group. Acquisition related costs totalled $45,739 and are included in Consulting Fees.

Balances previously recorded at 30 June 2017 in relation to the investment held by the group ($1,912,268) and the loan from the Group ($1,250,000) are now eliminated on consolidation.

Details of the transaction are as follows:

	Fair Value $000
Purchase consideration:	
- cash	2,250,000
- acquisition date fair value of the original 50% interest held[i]	2,250,000
	4,500,000
Less:	
Cash	916,017
Receivables[ii]	751,250
Plant and equipment	76,636
Other current assets	129,228
Deferred tax asset	369,307
Intangibles acquired[iii]	7,369,202
Payables	(81,991)
Unearned Income	(2,765,490)
Other Current liabilities	(387,521)
Long term provisions	(36,315)
Amounts owed to Techniche Limited	(2,931,498)
Identifiable assets acquired and liabilities assumed	3,408,834
Provisional Goodwill[iv]	1,091,166

NOTE 14. BUSINESS COMBINATIONS (CONTINUED)

i. The group previously held a 50% equity interest in Network Monitoring Holdings Pty Ltd prior to acquisition date. Upon remeasuring that equity interest to fair value, a gain of $545,583 has been recognised. This gain has been recognised in the gain on step acquisition in Statement of Comprehensive Income.

ii. The directors believe the receivables are fully recoverable and no provision for impairment is required.

iii. A breakdown of intangible assets acquired as part of the business combination were as follows:

	Acquired
Goodwill	4,155,124
Software	2,147,263
Capitalised Software Development	1,066,815
	7,369,202

iv. The difference between the purchase consideration and the identifiable assets acquired and liabilities assumed has been notionally attributed to provisional goodwill. An independent expert has been engaged to provide a Purchase Price Allocation report, however as at the date of these financial statements, this had not been completed.

The balances of assets and liabilities recorded in the Consolidated Statement of Financial Position at 30 June 2018 show some material increases compared to the prior financial year as a result of including assets and liabilities from Network Monitoring Holdings Pty Ltd and its subsidiaries. These include:

	Consolidated Group	**Network Monitoring Holdings Pty Ltd**
	$	**$**
Trade and other receivables	1,712,601	775,250
Other current assets	559,553	436,270
Deferred tax asset	823,272	823,272
Trade and other payables	1,025,197	483,332
Unearned income	3,603,880	2,731,252
Short term provisions	411,940	301,078

Revenue of Network Monitoring Holdings Pty Ltd and its subsidiaries included in the consolidated revenue of the Group since the acquisition date on 30 January 2018 amounted to $2,176,359. Network Monitoring Holdings Pty Ltd and its subsidiaries recorded a loss which has been included in the consolidated loss of the Group since the acquisition date amounted to $853,997 which includes the impairment of capitalised software development of $1,157,648 (after tax $810,353).

Had the results of Network Monitoring Holdings Pty Ltd Group been consolidated from 1 July 2017, revenue of the consolidated group would have been $9,598,336 and consolidated Group loss would have been $1,931,673 for the year ended 30 June 2018.

NOTE 15. TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Current liabilities		
Trade payables	**339,630**	68,023
Sundry payables and accrued expenses	**460,065**	201,613
	728,485	269,636

NOTE 16. CURRENT TAX LIABILITIES

	2018	2017
	$	$
Current liabilities		
Other taxes payable	**5,659**	1,102
	5,659	1,102

NOTE 17. PROVISIONS

	2018	2017
	$	$
Short term employee entitlements		
Balance at 1 July	**42,579**	63,836
Provisions acquired	**220,818**	-
Additional provisions	**255,456**	136,097
Amounts used	**(231,962)**	(137,573)
Provisions included in a disposal group classified as held for sale and other disposals	**-**	(19,781)
Balance at 30 June	**286,891**	42,579
Restructure provision(i)	**336,713**	-
Other provisions	**125,048**	82,089
Balance at 30 June	**748,652**	124,668
Restructure provision		
Balance at 1 July	**-**	-
Additional provisions	**336,713**	-
Balance at 30 June	**336,713**	-
Long term employee benefits		
Balance at 1 July	**-**	-
Balance acquired	**16,637**	
Additional provisions	**19,678**	-
Unused amounts reversed	**-**	-
Balance at 30 June	**36,315**	-
Analysis of total employee provisions		
Current	**286,891**	42,579
Non-current	**36,315**	-
	323,206	42,579

i. A restructure provision was recognised in the current financial year as a result of staff redundancies and other restructure costs that were committed to prior to 30 June 2018.

NOTE 18. UNEARNED INCOME

	2018	2017
	$	$
Balance at 1 July	**842,130**	936,835
Balance acquired	**2,765,490**	-
Net movements	**(3,740)**	(94,705)
Balance at 30 June	**3,603,880**	842,130

NOTE 19. ISSUED CAPITAL

	2018	2017	2018	2017
	Number	Number	$	$
a) Ordinary shares				
At the beginning of the reporting period	**223,592,656**	223,592,656	**70,338,778**	70,338,778
Shares bought back[(i)]	**(3,368,351)**		**(127,498)**	
At reporting date	**220,224,305**	223,592,656	**70,211,280**	70,338,778
Fully paid	**220,224,305**	223,592,656	**70,211,280**	70,338,778

(i) The Company announced on 9 April 2018 that it was commencing an on-market share buy-back for up to $500,000 worth of the Company's shares for a period of up to 12 months. Morgans Financial Limited were appointed to conduct the buy-back on behalf of the Company.

b) **Capital management**

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

The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity and accumulated losses. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back existing shares, sell assets or adjust the level of activities undertaken by the Group.

The Group monitors capital on the basis of cash flow requirements for operational and financing activities. The Group has no exposure to borrowings as at 30 June 2018 [2017: nil].

The Group's strategy to capital risk management is unchanged from prior years.

NOTE 20. RESERVES

	2018	2017
	$	$
Foreign Currency Translation Reserve	**760,100**	1,364,987

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

NOTE 21. CAPITAL AND LEASING COMMITMENTS

	2018	2017
	$	$
a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – minimum lease payments:		
Not later than one year	**260,201**	353,379
Later than one year but not later than five years	**118,915**	555,882
	379,117	909,261

NOTE 22. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Based on these criteria the Group has identified the following segments:

I. Urgent Technology business supplying contractor management solutions using eMaintenance proprietary software and other data consultancy services conducted by Urgent Technology Limited in UK and Europe, Urgent Technology USA LLC in North America, Urgent Technology Australasia Pty Ltd in Australia and New Zealand.
II. Statseeker Group supplying network monitoring software solutions conducted by Statseeker Pty Ltd and Statseeker Inc.
III. Corporate / Techniche Ltd undertaking a role in managing investments and undertaking overall direction of strategy including acquisitions and divestments.

The Urgent group of companies is managed from the UK and includes the majority of product development and sub-contracting support services. The Australian operations of Urgent are also dependent on technical support from the UK legal entity. While each business unit enters into contractual arrangements with its customers no business is functionally independent of the UK business unit. Additionally, the UK business unit is managing the on-going development of the eMaintenance product which will be used throughout the Urgent group. On this basis, it is considered that the Urgent business units constitute a separate and discrete segment for reporting segment information.

The Statseeker Group consists of Statseeker Pty Ltd in Australia and Statseeker Inc in the USA. The USA subsidiary includes Statseeker Group management and the sales & marketing function for the North American region, however does not contract directly with customers and only acts on behalf of the Australian subsidiary. The Australian subsidiary contracts with customers from all global regions and also manages the on-going development of the Statseeker software. On this basis, it is considered that the Statseeker business units constitute a separate and discrete segment for reporting segment information.

The ERST segment, consisting of ERST GmbH, was recorded as held for sale (discontinued operations) at 30 June 2017 (refer note 27) and was subsequently sold as at 30 September 2017.

The corporate segment represents the cost of strategic planning for investment and divestiture decisions that are intended to add shareholder value with particular emphasis, but not limited to, computer software-based technology companies. Such value to be achieved through the acquisition and retention of IP businesses that benefit from access to capital and management expertise. The strategy of Techniche Ltd is to take emerging technology businesses to a new level as a springboard for technical innovation and growth which will be reflected in Techniche Ltd shares increasing in value and hence overall market capitalisation and crystallisation of market value.

The following is an analysis of the revenue and results for the periods ending 30 June 2018 and 30 June 2017, analysed by operating business units segments, which is Techniche Limited's primary basis of segmentation both in relation to its current business units and further acquisitions where such operations demonstrate the requisite degree of independence from other business units.

Basis of accounting for purposes of reporting by operating segments

a) Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b) Inter-segment transactions
An internally determined transfer price is set for all inter-segment sales. This price is re-set regularly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c) Segment assets
Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority of economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d) Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables, tax related liabilities and certain direct borrowings.

NOTE 22. OPERATING SEGMENTS (CONTINUED)

	TCN Corporate		Urgent Group		Statseeker Group		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Provision of IT services	-	-	4,240,931	3,900,777	2,176,208	-	6,417,139	3,900,777
Intra-segment sales	-	-	173,411	43,689	-	-	173,411	43,689
Inter-segment sales	92,201	771,632	-	-	-	-	92,201	771,632
Segment sales revenue	92,201	771,632	4,414,342	3,944,466	2,176,208	-	6,682,751	4,716,098
Equity accounted profits of joint ventures	(207,852)	148,609	-	-	-	-	(207,852)	148,609
Inter-company loan forgiveness	(1,633,236)	-	1,633,236	-	-	-	-	-
Other revenue	226,649	222,312	-	11	151	-	226,800	222,323
Total segment revenue before elimination	(1,522,238)	1,142,553	6,047,578	3,944,477	2,176,359	-	6,701,699	5,087,030
Reconciliation of segment revenue to group revenue:								
Elimination entries for revenue on consolidation							(360,837)	(842,633)
Total revenue							6,340,862	4,244,397
Impairment charges during the year	(1,157,648)	-	-	-	-	-	(1,157,648)	-
Profit/(loss) with inter-segment charges (excluding impairment charges)	(1,148,061)	78,716	1,831,746	(859,721)	(1,810,579)	-	(1,126,894)	(781,005)
Income tax expense	-	(17,267)	81,843	47,674	780,414	-	862,257	30,407
Segment result after tax	(2,305,709)	61,449	1,913,589	(812,047)	(1,030,165)	-	(1,422,285)	(750,598)
Intra-group charges							2,693	6,321
Total contribution after tax from continuing operations							(1,419,592)	(744,277)
Total contribution after tax from discontinued operations							(304,230)	1,600,429
Total contribution after tax							(1,723,822)	856,152
Segment assets	17,049,457	21,879,272	2,684,600	6,842,018	8,723,911	-	28,457,968	28,721,290
Assets classified as held for sale							-	4,370,655
Inter-segment elimination	(8,861,948)	(10,065,775)	(487,571)	(5,366,710)	-	-	(9,349,519)	(15,432,485)
Total consolidated assets	8,187,509	11,813,495	2,197,029	1,475,308	8,723,911	-	19,108,449	17,659,460
Segment liabilities	776,517	645,621	3,515,550	7,937,508	6,345,242	-	10,637,309	8,583,129
Liabilities classified as held for sale							-	407,461
Inter-segment elimination	(576,508)	(544,864)	(2,115,405)	(6,800,730)	(2,822,405)	-	(5,514,318)	(7,345,594)
Total consolidated liabilities	200,009	100,758	1,400,145	1,136,778	3,522,837	-	5,122,991	1,644,996
Depreciation and amortization expense	666	1,480	38,309	40,587	353,074	-	392,049	42,067
Acquisition of property, plant and equipment	922	-	28,371	9,644	7,371	-	36,664	9,644

NOTE 23. CASH-FLOW INFORMATION

a) **Reconciliation of cash**

For the purpose of the Consolidated Statement of Cash Flows cash includes cash on hand and at bank and short-term deposits on call. Cash at the end of the period as shown in the Consolidated Statement of Cash Flows is recorded as follows:

	2018	2017
	$	$
Cash at bank and on hand (Note 7)	**3,115,672**	4,131,886
Cash in assets classified as held for sale	**-**	820,798
Cash per statement of cash flows	**3,115,672**	4,952,684

b) **Reconciliation of cash flows from operations with profit / (loss) after income tax**

	2018	2017
	$	$
Profit / (loss) after income tax from continuing and discontinued operations	**(1,723,822)**	856,152
Non-cash flows in profit/(loss):		
Depreciation	**392,049**	42,067
Share of (profit)/loss of from joint venture	**207,852**	(148,609)
Unrealised foreign exchange (gains) / losses	**17,856**	66,449
Gain on step acquisition	**(545,584)**	-
Loss from sale of Discontinued Operations	**602,224**	-
Impairment	**1,157,684**	-
Non-cash expenses from discontinued operations	**-**	5,934
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(422,718)**	631,699
(Increase)/decrease in receivables from joint venture	**-**	360,750
(Increase)/decrease in other current assets	**(35,610)**	129,014
(Increase)/decrease in current tax assets	**(329,318)**	(15,692)
(Increase)/decrease in deferred tax assets	**(453,965)**	
Decrease/(increase) in payables	**673,571**	(95,117)
Decrease/(increase) in provisions	**(60,248)**	78,208
Decrease/(increase) in current tax liabilities	**4,557**	115,297
Cash flows from operations	**(515,510)**	2,026,152

NOTE 24. CONTINGENT LIABILITIES

The Group had no contingent liabilities at the end of the reporting period.

NOTE 25. RELATED PARTY TRANSACTIONS

Techniche Limited is the ultimate parent entity in the wholly owned group comprising the Company and its wholly owned controlled entities. Transactions between the Company and its controlled entities have been eliminated in the consolidated financial statements.

The aggregate amounts of transactions between the Company and its controlled entities are in the respective classification categories in the financial statements. The nature, terms and conditions of each different type of transaction area are as follows:

- Loans between the Company and its controlled entities are unsecured and advanced on an interest free basis
- Service fees charged by the Company to its controlled entities are for management and facilities services
- Inter entity licence fees are charged for the use of intellectual property

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. During the year, the Group has conducted the following related party transactions:

- Rent paid to Jacoby Management Services (a company associated with Executive Chairman, Karl Jacoby) for use of principal place of business office for the year ended 30 June 2018 was $30,000 [2017: $30,000].

Key Management Personnel compensation

	2018	2017
	$	**$**
Short-term employee benefits	**734,659**	1,033,113
Post-employment benefits	**93,061**	124,727
Termination Payments	**-**	-
	827,720	1,157,840

Detailed remuneration disclosures are provided in the remuneration report on pages 25 to 30.

NOTE 26. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, loans to and from subsidiaries and leases.
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents	**3,115,672**	4,131,886
Trade and other receivables	**2,139,825**	538,633
Loan to associated entities	-	1,325,000
Other receivables from associated entities	-	132,000
	5,255,497	6,127,519
Financial liabilities		
Trade and other payables	**1,025,197**	269,636

Specific financial risk exposure and management
The main risks the Group is exposed to through its financial instruments are liquidity risk, foreign currency risk, credit risk and price risk.

a) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect the undiscounted contractual maturity for financial liabilities.
Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the statement of financial position.

Financial assets and liabilities maturity analysis

	Effective Interest Rate		**Within 1 year**		**1 to 5 years**		**Total**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash and cash equivalents	**0.0**	0.0	**3,115,672**	4,131,886	-	-	**3,115,672**	4,131,886
Trade and other receivables	-	-	**2,139,825**	538,633	-	-	**2,139,825**	538,633
Loan to associated entities	**6.0**	6.0	-	75,000	-	1,250,000	-	1,325,000
Other receivables from associated entities	-	-	-	132,000	-	-	-	132,000
			5,255,497	4,877,519	-	1,250,000	**5,255,497**	6,127,519
Financial Liabilities								
Trade and other payables	-	-	**1,025,197**	269,636	-	-	**1,025,197**	269,636
Net financial assets / (liabilities)			**4,230,300**	4,607,883	-	1,250,000	**4,230,300**	5,857,883

NOTE 26. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Net financial assets / (liabilities) in AUD				
	AUD	**EURO**	**GBP**	**USD**	**Total AUD**
2018					
Functional currency of Group					
Australian Dollars	2,322,922	-	-	-	2,322,922
Euro Dollars	-	117,224	-	-	117,224
Great British Pounds	-	-	1,007,171	-	1,007,171
United States Dollars				782,983	782,983
Balance sheet exposure	2,322,922	117,224	1,007,171	782,983	4,230,300
Year-end exchange rate		0.6699	0.5549	0.7426	
2017					
Functional currency of Group					
Australian Dollars	2,861,506	-	-	-	2,861,506
Euro Dollars	-	943,318	-	-	943,318
Great British Pounds	-	-	1,663,653	-	1,663,653
United States Dollars				389,406	389,406
Balance sheet exposure	2,861,506	943,318	1,663,653	389,406	5,857,883
Year-end exchange rate		0.6730	0.5913	0.7692	

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 60 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the directors have otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk is managed at subsidiary level and reviewed regularly by the directors. It arises from exposure to customers. Each entity monitors credit risk by actively assessing the rating quality of counter parties with all potential customers rated for credit worthiness by considering their size, market position and financial standing.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

	2018	2017
	$	$
Cash and cash equivalents		
- AA Rated	**2,662,957**	4,103,710
- A Rated	**452,715**	28,277
	3,115,672	4,131,987

NOTE 26. FINANCIAL RISK MANAGEMENT (CONTINUED)

NET FAIR VALUES

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The net fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Other assets and other liabilities approximate their carrying values

SENSITIVITY ANALYSIS

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	**Equity**
	$	**$**
+/- 100 bps in interest rates		
2018	**55,034**	55,034
2017	**16,960**	16,960
Strengthening of AUD against other currencies by 10%		
2018	**(102,090)**	8,467
2017	(14,434)	(25,596)

NOTE 27. AFTER BALANCE DATE EVENTS

Cameron Mark Gill and Anastasia Ellerby were both appointed to the Board of Techniche Limited and Group subsidiaries as at 1 July 2018.

There are no matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

NOTE 28. DISCONTINUED OPERATIONS

a) Summary of discontinued operations

On 23 August 2017 the company announced that it was conducting a sale process for its wholly owned German subsidiary ERST European Retails Systems Technology GmbH [ERST]. The associated assets and liabilities were consequently presented as held for sale in the 2017 financial statements. These balances consisted of the following:

	2017
	$
Cash and cash equivalents	820,798
Trade and other receivables	338,156
Other current assets	97,310
Property, plant and equipment	9,123
Intangible assets	3,105,268
Total assets	4,370,655
Trade and other payables	5,209
Unearned income	49,530
Current tax liabilities	180,871
Short term provisions	171,851
Total liabilities	407,461
Net assets held for sale from discontinued operations	3,963,194

The company subsequently announced that it had signed a sale and purchase agreement for the business as at 30 September 2017 and is reported in the current period as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. The financial performance and cash flow information presented are for the three months ended 30 September 2017 (2018 column) and the year ended 30 June 2017

b) Financial information from operations

	2018	2017
Financial Performance	**$**	$
Revenue	**754,503**	3,521,501
Expenses	**(431,236)**	(1,617,639)
Profit before income tax	**323,267**	1,903,862
Income tax expenses	**(25,274)**	(303,430)
Profit after income tax of discontinued operation	**297,993**	1,600,432
Loss on sale of subsidiary after income tax (see (c) below)	**(602,223)**	-
Profit / (Loss) from discontinued operations	**(304,230)**	1,600,432
Cash Flows		
Net cash inflow from operations	**597,058**	2,303,755
Net cash inflow from investing activities (due to sale of company net of cash disposed)	**2,156,769**	(2,903)
Net cash inflow from financing activities	**-**	-
Net increase in cash generated by the subsidiary	**2,753,827**	2,300,852

NOTE 28. DISCONTINUED OPERATIONS (CONTINUED)

c) Financial information from sale

	2018	2017
Details of the sale of the subsidiary	**$**	$
Gross Sale Proceeds received in cash	**3,335,045**	-
Deferred settlement	**112,646**	
Total disposal consideration	**3,447,691**	-
Carrying amount of net assets sold	**3,997,998**	-
Loss on sale of subsidiary before income tax	**(602,223)**	-
Income tax expense	**-**	-
Loss on sale of subsidiary after income tax	**(602,223)**	-

NOTE 29. DIVIDENDS

	2018	2017
	$	**$**
Distributions paid		
Unfranked dividend of 0.35 cents per share [2017: 0.35 cents per share]	**782,574**	782,574
	782,574	782,574
Balance of franking account at year-end	**3,331**	3,331

NOTE 30. COMPANY DETAILS

The registered office of Techniche Limited in Australia is:

c/ - TWT Accountants
Level 1. 23 Middle Street
Cleveland QLD 4163

The principal place of business of Techniche Limited in Australia is:

Unit 20, 43 Lang Parade
Auchenflower QLD 4066

Other places of business are:

Statseeker Pty Ltd
Level 4, 320 Adelaide Street
Brisbane QLD 4000

Statseeker Inc
Level 4, 320 Adelaide Street
Brisbane QLD 4000

Urgent Technology Limited
Powerhouse, Harrison Close
Knowlhill, Milton Keynes, MK5 8PA
United Kingdom

Urgent Technology USA LLC
155 N Wacker Drive
Ste 4250, Chicago IL 60606 USA

In the directors' opinion:

1. the financial statements and notes, as set out on pages 31 to 64 are in accordance with the *Corporations Act 2001* including:
    a. complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
    b. giving a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company and consolidated group;
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

The directors have been given the declarations from the Chief Executive Officer and the Group Financial Controller required by section 295A of the *Corporations Act 2001*.

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

Karl P Jacoby

Executive Chairman

Andrew Campbell

Director

Brisbane, 28 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNICHE LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Techniche Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Techniche Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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1. Impairment testing of intangible assets

Why significant

As at 30 June 2018 the carrying value of intangible assets was $12,633,843 (2017: $8,178,835), as disclosed in Note 12 and 28. This represents 66.1% of total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of intangible assets is outlined in Note 1A and 1G.

An annual impairment test for goodwill and other indefinite life intangible assets is required under Australian Accounting Standard (AASB) 136 Impairment of Assets.

The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining the key assumptions, which include:

- 5 year cash flow forecast
- Terminal growth factor
- Discount rate
- Determination of cost generating units

The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of intangible assets including goodwill is an area of significant estimation and judgement

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:-

- assessing and challenging:
  - the FY19 budget by comparing the budget to FY18 and FY17 actuals
  - the assumptions used for the growth rate by comparing normalised average growth rate from FY17 to FY18 to the growth rate adopted in the impairment model
  - the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts; and
  - the discount rate applied by comparing the WACC to industry benchmarks
- testing, on a sample basis, the mathematical accuracy of the cash flow models;
- agreeing inputs in the cash flow models to relevant data including approved budgets and latest forecasts
- performing sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value

Additionally, as part of our procedures:-

- we assessed the consolidated entity's determination of Cash Generating Units (CGUs); and
- we assessed the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 11.

2. Discontinued operations

Why significant	How our audit addressed the key audit matter
During the year, the consolidated entity sold its wholly owned German subsidiary, European Retail Systems Technology GmbH ("ERST"). As disclosed in Note 28, the associated assets and liabilities had previously been disclosed as held for sale on the basis that the consolidated entity was actively looking to sell the company. The sale of the company resulted in a loss from discontinued operations of $304,230 (2017: profit of $1,600,429). The sale of ERST is considered a key audit matter due to the technical requirements under AASB 5: *Non-current Assets Held for Sale and Discontinued Operations,* including calculation of the operating profit/loss for the year, gain or loss on sale, and deconsolidation from the consolidated entity.	Our work included, but was not limited to, the following procedures: • Testing the value of assets and liabilities disposed as part of the sale. • Assessment the share sale agreement against consideration received and assets and liabilities transferred. • Testing of the elimination entries on consolidation to deconsolidate ERST as at the date of sale. In addition, we assessed the appropriateness of the disclosures in relation to the discontinued operation included in note 28.

3. Business Combinations, including allocation of goodwill

Why significant	How our audit addressed the key audit matter
During the year, the Group acquired the remaining 50% of shares in Network Monitoring Holdings Pty Ltd. As disclosed in Note 12 and 14, as part of the transaction, provisional goodwill of $1.09m was recognised. Significant judgement is required in valuing the acquired identifiable intangible assets and allocation of goodwill. The Group has engaged an independent expert to assist in the valuation of identifiable intangible assets.	Our work included, but was not limited to, the following procedures: • Assessment of the independent experts skills, capabilities and independence. • Testing the value of assets and liabilities acquired as part of the business combination. • Assessment the share purchase agreement against consideration paid and assets and liabilities assumed. • Re-performance of the calculation to revalue the original 50% share holding as required under Accounting Standards. • Obtaining a detailed understanding of the acquired business In addition, we assessed the appropriateness of the disclosures in relation to both the business combination and intangible assets acquired included in note 12 and 14.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

We have obtained all the Other Information prior to the date of this Auditor's Report, which includes the Director's Report, Corporate Directory, Financial Calendar, Business Highlights, Financial Highlights, Year in Review, Directors' Profiles, Global Leadership Group information and Shareholder Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 judgement, including 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 entity's preparation of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Techniche Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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.

PKF HACKETTS

PKF HACKETTS AUDIT

LIAM MURPHY
PARTNER

28 SEPTEMBER 2018
BRISBANE