Tech:niche.

Techniche Limited & Controlled Entities ABN 83 010 506 162

Annual Report 2019

Control today.

Shape tomorrow.

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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

Ground Floor
143 Coronation Drive
Milton QLD 4064

PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Ground Floor
143 Coronation Drive
Milton QLD 4064

Postal address:
PO Box 2091
Toowong QLD 4066

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

AUDITORS

PKF Brisbane 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
Citibank – Sioux Falls, USA
Bank of America – 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
David Wilson	Chief Financial Officer
Thomas Caldwell	Chief Technology Officer
Chris Ford	Chief Marketing Officer
Paul Djuric	Regional General Manager EMEA
James Wells	Regional General Manager APAC

FINANCIAL CALENDAR

2019

7 November	Annual General Meeting
31 December	Half year ends

2020

27 February	Half year profit announcement
30 June	Financial year ends
28 August	Annual profit announcement
12 November	Annual General Meeting
31 December	Half year ends

ANNUAL GENERAL MEETING

4.00pm 7 November 2018
Ground Floor,
135 Coronation Drive
Milton 4066

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

CORPORATE GOVERNANCE STATEMENT

A copy of the Techniche Limited Corporate Governance Statement can be obtained from the Company website at: http://www.technichegroup.com/investors/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

Urgent is a powerful cloud-based computer-aided facilities management platform (CAFM, or CMMS) that tracks and improves asset performance, taking care of everyday maintenance and management. Automating toolbox tasks gives you more time for planning, strategy and development. Being able to focus on the bigger picture will enable customers to extend their influence within the organisation, positively impacting on their business over the longer term.

- Tight financial control and complete transparency
- Improved contractor performance through SLA monitoring, works verification and contractor ratings
- Audit trail of maintenance-related documents and actions for regulatory compliance and reporting
- Eliminates costly maintenance helpdesks: users can log their repair request online and your contractor will be notified automatically?
- Informed decision-making and improved budgeting through relevant, real-time information
- Improved efficiency and productivity, as work requests can be updated on-site using the app

Statseeker is an agnostic and predictive network monitoring solution for increasing network performance, reducing downtime and enhancing business productivity. It's scalable, fast and flexible, delivering real-time results from a minimal server footprint. It can monitor networks of any size, collecting network data such as SNMP and ping, NetFlow (sFlow and J-Flow), syslog and trap messages; as well SDN configuration and health metrics.

- Minute-by-minute visibility - 60-second polling and ultra-fast reporting
- Anomaly detection - receive early alerts to any behavioral change as soon as it happens, so businesses can react sooner
- Trend analysis and forecasting - data history is stored in its original granularity, enabling accurate analytics and capacity planning
- Blanket network coverage – one server monitors up to 1,000,000 network interfaces on physical and virtual networks – right up to the edges
- Software defined network monitoring for Cisco ACI, through Statseeker's native API.

CUSTOMERS INCLUDE...

bp Q8 ORCHARD Care Homes FedEx. Wesfarmers OPTUS yes

FINANCIAL HIGHLIGHTS

Five Year Total Shareholder Return

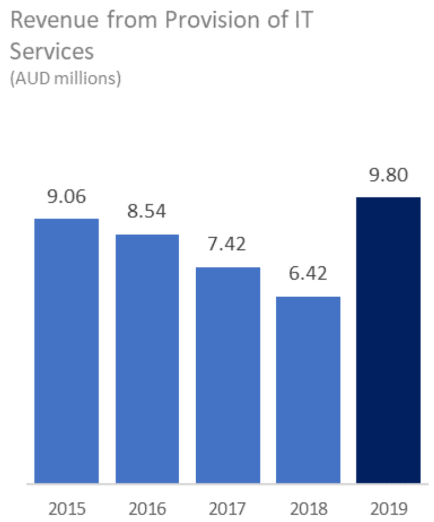
Capital Growth of:		Dividend Payments of:		Total Shareholder Return of:
-18.9%	+	**4.7%**	=	**-14.2%**
per annum		per annum		per annum

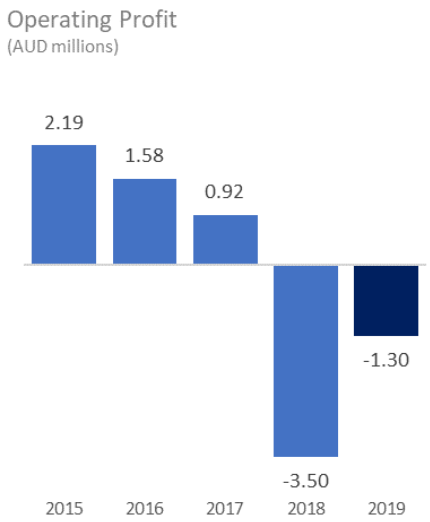
FIVE YEAR SUMMARY

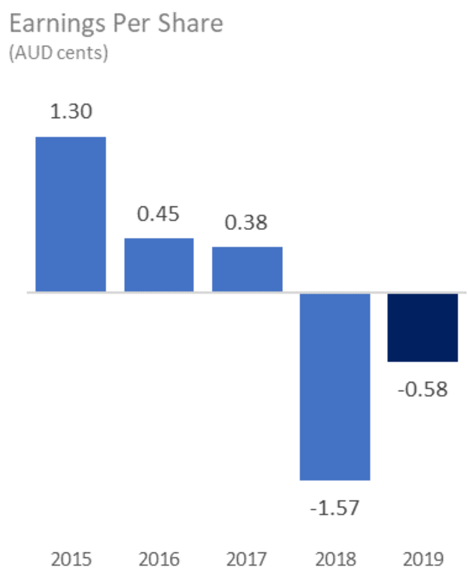
All figures are in AUD '000s unless stated otherwise	2019	2018[1]	2017	2016	2015
Revenue from Provision of IT Services	9,804	6,417	7,422	8,538	9,063
Earnings from Joint Ventures	-	94	344	644	189
Unrealised Foreign Exchange Gains / (Losses)	45	(133)	(66)	(587)	716
Operating Expenses	8,034	7,124	5,580	6,540	6,093
Head Office & Corporate Expenses	1,133	1,191	990	785	716
Income Tax Expense (Benefit)	162	(349)	273	272	252
Profit / (Loss) After Tax	(1,250)	(3,496)	856	998	2,907
Earnings Per Share	(0.58)	(1.57)	0.38	0.45	1.30
Dividend - Cents Per Share	-	-	0.35	0.35	0.49
Return on Equity	(9.3%)	(4.5%)	5%	6%	16%
Cash and Cash Equivalents	2,356	3,116	4,132	3,830	4,314
Net Tangible Assets	1,286	195	10,546	7,814	7,265
Net Assets	11,182	12,828	16,014	16,340	16,447
Capitalisation	$5.7m	$8.8m	$10.3m	$13.4m	$17.2m
Share Price	$0.027	$0.040	$0.046	$0.06	$0.077

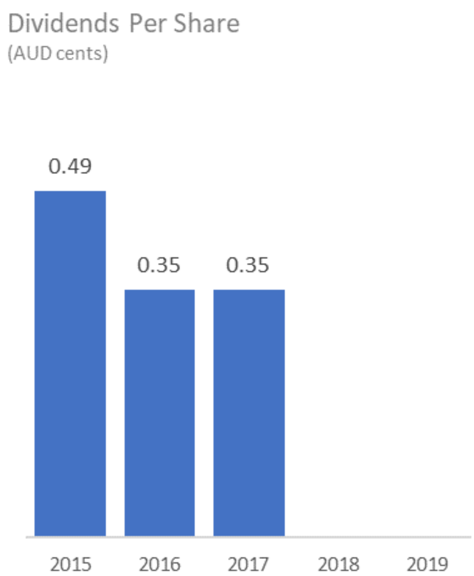
[1] The comparative year 2018 has been restated for correction of errors. No restatement has been made for changes in accounting policy revenue recognition. Comparative years 2015 to 2017 are historical published results and have not been restated for changes in accounting policy for revenue recognition.

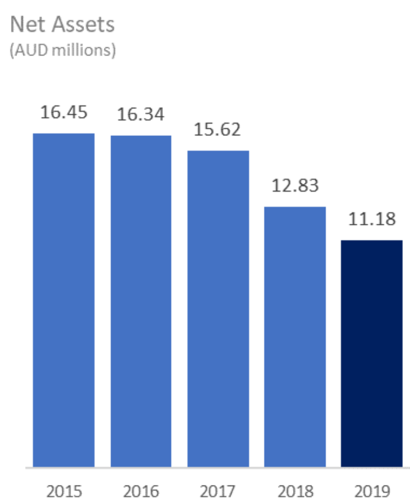
Financial Performance in AUD

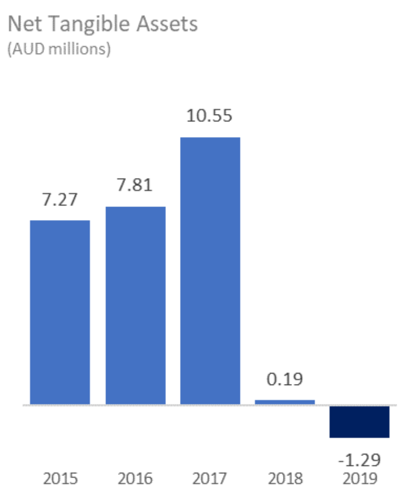












CHAIRMAN'S ADDRESS – YEAR IN REVIEW

Dear Shareholder,

At the 2017 AGM we proposed a shift in focus from being a technology investment company to becoming a technology company. I am pleased to advise that the bulk of this work is now complete, and the company is well positioned to grow both revenues and profits.

There have been a range of initiatives and actions taken to reset the direction and operation of the company that the Board and management believe will enhance both the performance and value of the company for shareholders in the mid to long term. Some of the key initiatives are as follows:

Understanding our Customers

We have made customer focus and engagement a priority. I have personally spoken to many Statseeker and Urgent customers across all regions and can confirm that both products are well regarded, and opportunities exist to provide additional product and/or services. As you will read further in this report, Urgent Professional Services revenues have increased by 29% over FY19.

Targeting Marketing Campaigns

The company has continued to invest in targeted marketing and additional sales capability. We have centralised marketing under our CMO, Chris Ford, and have several lead generation campaigns planned throughout the year. As an example, Techniche has invested in a range of marketing initiatives including targeted speed dating events, trade shows and in-bound marketing campaigns to promote the Urgent product, which have resulted in a material increase in marketing qualified leads compared to the prior year.

We have also invested in additional sales personnel and pre-sales capability in the regions, with the focus of providing a higher level of engagement with our current customers, as well securing new logos.

Investing in our Products

Under the direction of Tom Caldwell, our CTO, we continue to invest a significant amount in product development based around 3 offerings, the Urgent asset management product, the Statseeker network management product, and our new converged offering.

Following significant customer and market engagement, the annual development plans for the Urgent and Statseeker products have been mapped and approved, with major releases for both products scheduled for Q1 and Q3 of this financial year.

Investing in a New Product Offering

We remain very excited about our new converged offering of our Urgent asset management product and our Statseeker network management product, which address the need to manage an increasing range of IP enabled operational assets (IoT) on a network. Operations groups must now look at three core pillars of monitoring these Assets: Availability, Performance and Cybersecurity.

Any new solution must include automation and Artificial Intelligence (AI or AIOps), including cybersecurity to help organisations move from a reactive facilities management model to a more active monitoring solution that is predictive, preventative, and proactive. Throughout this FY we expect to engage with some of our key customers for trial and validation of the initial commercial product.

A new Corporate Structure

The Company has also completed the corporate restructure with Regional General Managers managing our key geographical subsidiaries - Techniche EMEA (covering Europe, Middle East & Africa), Techniche Americas and Techniche APAC (covering Asia & the Pacific). In each region, we are growing our sales capability, local marketing, professional services, and support resources.

Supporting the regions is a core management team made up of myself as Chairman & Chief Executive Officer, along with the Chief Financial Officer, Chief Technology Officer and Chief Marketing Officer.

Tax Restructuring

As part of implementing the corporate restructure, the Company sought independent advice which recommended forming a consolidated tax group in Australia. While this will have long term benefits, in the short term it has resulted in the carrying value of Deferred Tax Assets being written off.

2018-19 Financial & Operational Review

The company recorded a loss after tax attributable to members of ($1,250,398) [2018: ($3,496,295)] for the year ended 30 June 2019. The Earnings Before Interest, Tax Depreciation and Amortisation (EBITDA) was a loss of ($774,906) from continuing operations [2018: ($1,889,800)]. Continuing operations have excluded results from ERST which was disposed of during the comparative year to 30 June 2018.

Key metrics to note are as follows:

Total Revenue & ARR

Revenue from continuing operations increased by 55%, however this was primarily due to the Company taking control of Statseeker from 30 January 2018 and only consolidating for the part-year to 30 June 2018. For comparative purposes the full year on year growth in total revenue was 2%. On a similar basis full year on year comparative Group Annual Recurring Revenues increased by 4%.

Urgent

Interest in the Urgent product continues to grow and is a result of customer recommendations and a range of new marketing initiatives.

SaaS revenues from the Urgent product continued to build and were 14% higher than FY18. Several new customers were added to the portfolio. These included a major petrol retailer in the Netherlands encompassing a regional network of approximately 400 service stations, via our partner company AECOM. Revenues were also enhanced with expanded offerings to existing customers.

Techniche has invested in a range of marketing initiatives including targeted speed dating events, trade shows and in-bound marketing campaigns to promote the Urgent product. These have resulted in a material increase in marketing qualified leads compared to the prior year.

Statseeker

At the beginning of FY18, the Company made a strategic decision to encourage Statseeker customers to shift from traditional support fees on the perpetual licence model to subscription (SAAS) based fees. During the year, subscription revenues have increased to 33% of Statseeker recurring revenues in FY19 and provide the Group with greater confidence in software renewals. While for the full year on year comparative there has been a 4% decrease in overall Statseeker recurring revenues as the growth in subscriptions revenues have been offset by the shift away from perpetual licences.

Significant investment is being made in both the Statseeker product and new lead generation activities. Version 5.5 will be released in September, with new versions planned to be released on 6 monthly cycles.

As well, a new website, integrating the Hubspot marketing automation platform, is being built and will form the basis for new global inbound marketing campaigns, the first of which to be launched in Q2. Other initiatives include peer review white papers, additional sales enablement material, and the appointment of additional sales staff in the US and the UK.

Professional Services

The Group has focussed on building its capability in delivering professional services across both Urgent and Statseeker customers. Professional services relating to mobilisation of new customers and services to existing customers have seen Urgent Professional Services revenues increase by 29% over FY19.

Statseeker have not previously offered material professional services as a part of the customer offering. With increased capability in this area there is an opportunity to build a material revenue stream starting with first revenues in FY20.

Marketing Expenses

There was approx. $150k of additional marketing expenses incurred in the period that we are seeing generate a broad range of leads that we expect will generate new business in FY20.

Restructuring Expenses

There were further unbudgeted one-off restructuring expenses of approx. $200k incurred in FY19. It is anticipated that there will be no further material one-off expenses in FY20.

Cash

The Group maintained healthy cash balances despite incurring the restructure expense items and the investment in marketing activities. Cash at bank at year end was $2,355,523.

The directors have determined that the best use of shareholder funds is to continue reinvesting in growing the business and have decided that no dividend is to be paid for the current reporting period.

Outlook

We remain confident that the new direction for Techniche will deliver for shareholders in the longer term. Our focus this year is on getting closer to our customers, investing in our products and people, and developing targeted marketing campaigns that deliver quality leads for our salespeople.

The Company starts this financial year in a strong position to deliver on the work that has been done over the last 2 years.

We are operating on a lower cost base than FY19, while still being able to invest in additional lead generation, sales capability, and product development.

We have great products and a clearly defined product roadmap.

We have a very experienced Board that deeply understands our business, and the opportunities and challenges we face.

We have a very capable and focussed management team that bring a wealth of knowledge, experience, and enthusiasm to your Company.

We have a great team of people across the regions to deliver on our plans

As I continue to mention in most shareholder updates, the Board's view remains 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 contracted recurring revenues from high quality customers that we deal with regularly.

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 for 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

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)

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.

ANASTASIA ELLERBY

BBus, MBA

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. Inform grew from its Brisbane base to become a recognised global leader in Workforce planning and analytics software with Fortune 500 customers across USA, Europe and Asia. In 2010 Inform was acquired by Success Factors and subsequently 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.

DIRECTORS' PROFILES (CONTINUED)

MARK GILL

BE(Hons), FAICD

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 is a Fellow of the Australian Institute of Company Directors.

GLOBAL LEADERSHIP GROUP

DAVID WILSON

BBus, CPA

Group Chief Financial Officer.

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

Regional General Manager, Techniche EMEA.

Paul Djuric joined Urgent Technology in 2014 as UK Operations Manager and is now the Regional General Manager for EMEA. Paul is a 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.

JAMES WELLS

Regional General Manager, Techniche 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.

THOMAS CALDWELL

Group Chief Technology Officer.

Tom was appointed as CTO in April 2019. Tom has a master's degree in computer science and is a seasoned networking and software industry executive. He has a track record of innovation and business development in areas such as distributed cloud computing architectures, artificial intelligence, machine learning and large-scale SaaS software services.

CHRIS FORD

Group Chief Marketing Officer.

Chris is an experienced marketing professional with a background in the IT and outsourcing sectors. Chis has a MA, Marketing and is a member of the Chartered Institute of Marketing. He has over 20 years' experience in developing and delivering successful B2B marketing strategy and 10 years' experience in lecturing in business and marketing at post graduate level. He joined the team in May 2018 and is based in the UK office.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 3 September 2019.

Techniche Limited

Issued Capital Ordinary Shares: 210,719,329 as at 3 September 2019.

Details of Incorporation

Registered as a company in Australia, 20 March 1984.

Substantial Shareholder Notices

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.

Unquoted Securities

There are no unquoted securities on issue at 3 September 2019.

DISTRIBUTION OF EQUITY SECURITIES

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

Range	Total Holders	Shares	% Total Shares
1 – 1,000	95	42,697	0.02
1,001 – 5,000	85	250,124	0.12
5,001 – 10,000	87	714,224	0.34
10,001 – 100,000	300	10,803,099	5.13
100,001 and over	129	198,909,185	94.40
Total	**696**	**210,719,329**	**100.00**

The number of holder accounts holding a balance less than a marketable parcel was 342 based on a closing price of $0.027 on 3 September 2019. The total number of shares registered to such holder accounts was 2,046,848. 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 3 September 2019 was $0.027 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 18,519 shares based on this price.

SHAREHOLDER INFORMATION

TECHNICHE'S TWENTY LARGEST SHAREHOLDERS AS AT 3 SEPTEMBER 2019

Shareholder		Shares	% Total Shares
1	Jacoby Management Services Pty Ltd	45,519,378	21.60
2	Hooks Enterprises Pty Limited (Hoeksema Super Fund)	34,400,000	16.33
3	Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	16,331,347	7.75
4	Tara Group Pty Ltd	6,131,281	2.91
5	Tappak Nominees Pty Ltd (Sheppard Group Superfund A/C)	5,738,480	2.72
6	George Edward Chapman	5,000,000	2.37
7	Buratu Pty Ltd (Connolly Super Fund A/C)	3,400,000	1.61
8	Mr Ian Harvey Carey	3,399,654	1.61
9	Mr Andrew Lambert Campbell + Mrs Tegwen Eleanor Howell (Superware Super A/C)	3,281,309	1.56
10	Geomar Superannuation Pty Ltd (Chapman Super Fund A/C)	3,186,094	1.51
11	Mr Kevin Joseph Sheppard (Sheppard & Wells Super A/C)	3,041,280	1.44
12	R and J McCabe Superannuation Fund Pty Ltd (R and J McCabe S/F A/C)	3,000,000	1.42
13	Zoom Zoom Pty Limited	2,918,783	1.39
14	Beebee Holdings Pty Ltd	2,833,208	1.34
15	Cff Pty Ltd (Crommelin Family Found A/C)	2,500,000	1.19
16	Mt Cotton Holdings Pty Ltd (Renglade P/L Staff S/F A/C)	2,441,280	1.16
17	Mr Daniel Francis Flynn + Mrs Carmel Mary Flynn (Flynn Family S/F A/C)	2,400,000	1.14
18	Mr Peter Raymond Burnitt (Burnitt Family S/F A/C)	2,275,145	1.08
19	Mr Alex Tau-Kheng Lim	2,206,491	1.05
20	Mr Joseph Christopher Browning (Browning Group S/F A/C)	2,000,000	0.95
Total		**152,003,730**	**72.13**

	Investors	Current Balance	% Issued Capital
Total of Top 20 Holders	20	152,003,730	72.13
Total Other Investors	676	58,715,599	27.87
Total Shares on Issue	**696**	**210,719,329**	**100.00**

TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

FINANCIAL REPORT 2019

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 2019. 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 $1,250,398, [2018: Restated ($3,496,295)].

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 increased by 0.99 cents per share from an after tax loss of (1.57) cents per share for the year ended 30 June 2018 to a loss of (0.58) cents per share for the current year to 30 June 2019 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

No dividend has been declared in respect of the year ended 30 June 2019.

FINANCIAL POSITION

Net assets of the Group have decreased by $1,646,928 from $12,828,495 in 2018 to $11,181,567 in 2019. This decrease is primarily explained as an increase in Unearned revenue of $996,807 and a decrease in cash held of $760,149.

- Cash balances remain sound at $2,355,523 [2018: $3,115,672]

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 in the prior financial year, the company 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 has recently 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

Commencing 1 July 2019, the Consolidated Entity implemented a regionally based business model. This involves a simplification of the operating entities in each region, centralisation of ownership of Group intellectual property and an organisation structure which will focus on selling and servicing both Urgent and Statseeker products in each region.

There are no other 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 2019
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 and 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 Chair of Audit Committee. Member of Remuneration Committee.	3,281,309 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 Chair 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 Member of Audit Committee	Nil ordinary shares

All appointments were current for the reported year and through to the date of this report unless otherwise stated.

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 & Nomination committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
KP Jacoby	11	11	-	-	-	-
A Campbell	11	11	4	4	1	1
A Ellerby	11	11	-	-	1	1
M Gill	11	11	4	4	-	-

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,)

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

INDEMNIFICATION OF OFFICERS

During 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 $53,842 [2018: $50,706].

OPTIONS

At the date of this report, there were no unissued ordinary shares of Techniche Limited under option [2018: 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

During the reporting period, the parent entity engaged the Company's auditor PKF Brisbane Audit to assist in a review of internal reporting systems for a non-audit fee of $1,875. The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that no other services outside the scope of the audit were provided by the Company's auditor.

The Board of Directors, in accordance with advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the Auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- the non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 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 2019 and any changes during the year	Contract details
Group Key Management Personnel		
P Djuric	Regional General Manager EMEA	Permanent employment with annual review of salary and bonus
J Sirianni	Regional General Manager Amercias (until 30 June 2019)	Permanent employment with annual review of salary and bonus
J Wells	Regional General Manager APAC	Permanent employment with annual review of salary and bonus
D Wilson	Group Chief Financial Officer	Permanent employment with annual review of salary and bonus
T Caldwell	Group Chief Technical Officer	Permanent employment with annual review of salary and bonus
C Ford	Group Chief Marketing Officer	Permanent employment with annual review of salary and bonus

CHANGES IN EXECUTIVES SUBSEQUENT TO YEAR END

Nil

DIRECTORS' REPORT

Remuneration Report (Audited)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2019

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)	**2019**	**91,164**	**-**	**24,996**	**-**	**-**	**116,160**	**-**
	2018	62,124	-	24,996	-	-	87,120	-
A Campbell	**2019**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2018	39,781	-	3,779	-	-	43,560	-
A Ellerby	**2019**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2018	-	-	-	-	-	-	-
M Gill	**2019**	**49,726**	**-**	**4,724**	**-**	**-**	**54,450**	**-**
	2018	-	-	-	-	-	-	-
Company Secretary								
J A Lemon	**2019**	**44,328**	**-**	**-**	**-**	**-**	**44,328**	**-**
	2018	40,321	-	-	-	-	40,321	-
Other key management personnel of controlled entities								
P Djuric(i)	**2019**	**197,356**	**-**	**32,456**	**-**	**-**	**229,812**	**-**
	2018	144,642	-	23,329	-	-	167,971	-
J Sirriani (ii)	**2019**	**369,025**	**43,439**	**11,210**	**96,144**	**-**	**519,818**	**8%**
	2018	212,039	24,864	5,474	-	-	242,377	10%
J Wells	**2019**	**171,589**	**15,769**	**16,969**	**-**	**-**	**204,327**	**8%**
	2018	149,020	6,042	14,730	-	-	169,792	4%
D Wilson	**2019**	**150,000**	**-**	**14,250**	**-**	**-**	**164,250**	**-**
	2018	136,000	-	12,920	-	-	148,920	-
T Caldwell(iii)	**2019**	**83,667**	-	**1,125**	**-**	**-**	**84,792**	**-**
	2018	-	-	-	-	-	-	-
C Ford	**2019**	**117,295**	**-**	**13,926**	**-**	**-**	**131,221**	-
	2018	13,064		1,162	-	-	14,226	-
Total	**2019**	**1,353,712**	**59,208**	**127,214**	**96,144**	**-**	**1,636,278**	
	2018	769,991	30,906	86,390	-	-	914,287	

(i) Appointed as CEO 1 January 2018 (ii) Commenced 1 October 2017 and resigned 30 June 2019 (iii) Commenced 1 April 2019

DIRECTORS' REPORT

Remuneration Report (Audited)

SHAREHOLDING OF KEY MANAGEMENT PERSONNEL AT 30 JUNE 2019

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**
2019					
Directors					
K P Jacoby	45,519,378	-	-	-	45,519,378
A Campbell	3,254,101	-	-	27,208	3,281,309
A Ellerby	-	-	-	-	-
M Gill	-	-	-	-	-
Other Key Management Personnel					
J Lemon	33,334	-	-	-	33,334
D Wilson	1,130,000	-	-	130,000	1,260,000
Total	49,936,813	-	-	157,208	50,094,021
2018					
Directors					
K P Jacoby	45,519,378	-	-	-	45,519,378
A Campbell	2,555,055	-	-	699,046	3,254,101
Other Key Management Personnel					
J Lemon	-	-	-	33,334	33,334
D Wilson	730,000	-	-	400,000	1,130,000
Total	48,804,433	-	-	1,132,380	49,936,813

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.

	2019	**2018**	**2017**	**2016**	**2015**
Profit for the year attributable to owners of Techniche Limited	(1,250,398)	(3,496,295)	856,152	997,857	2,906,961
Basic earnings per share (cents)	(0.58)	(1.57)	0.38	0.45	1.30
Dividends per share (cents)	-	0.35	0.35	0.35	0.49
Closing share price ($)	0.02	0.04	0.05	0.06	0.08
Total KMP incentives as percentage of profit/(loss) for the year (%)	N/A	N/A	7.6	11.4	2.9

- 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, 26 September 2019

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 2019, 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

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

26 SEPTEMBER 2019
BRISBANE

PKF Hacketts Audit
ABN 33 873 151 348

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019	2018 Restated[2]
		$	$
Revenue from continuing operations			
Revenue from wholly owned subsidiaries	2	**9,803,723**	6,417,139
Return from joint ventures	2	-	(94,102)
		9,803,723	6,323,037
Foreign exchange gain / (loss)		**44,654**	(133,024)
Gain on step acquisition	14	-	545,584
Other income		**19,363**	17,825
Expenses			
Auditor remuneration	3	**(109,259)**	(90,739)
Consulting fees		**(773,148)**	(651,828)
Infrastructure costs		**(871,649)**	(387,549)
Depreciation & amortisation expense		**(313,321)**	(392,049)
Directors remuneration		**(235,370)**	(149,178)
Employee benefits expense		**(6,296,013)**	(4,168,914)
Insurance		**(129,613)**	(97,894)
Travel expenses		**(361,488)**	(183,369)
Premises expenses		**(446,695)**	(354,936)
Sales & Marketing		**(917,607)**	(741,571)
Share registry and listing fees		**(50,644)**	(64,434)
Restructure costs		-	(336,713)
Impairment	14	-	(1,157,648)
Other expenses		**(451,161)**	(258,449)
Loss before income tax		**(1,088,227)**	(2,281,849)
Income tax benefit / (expense)	6	**(162,171)**	323,586
Loss for the year from Continuing Operations		**(1,250,398)**	(1,958,263)
Profit / (loss) for the year from Discontinued Operations	28	-	(1,538,032)
Profit / (loss) for the year attributable to the members of the parent entity		**(1,250,398)**	(3,496,295)
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**(24,029)**	1,838,688
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		**(24,029)**	1,838,688
Total comprehensive income attributable to members of the parent entity		**(1,274,427)**	(1,657,607)
Earnings per share from continuing & discontinued operations			
Basic & diluted earnings (cents per share)	**5**	**(0.58) cents**	(1.57) cents
Earnings per share from continuing operations			
Basic & diluted earnings (cents per share)	**5**	**(0.58) cents**	(0.88) cents

1. *Reclassified and measured amounts due to introduction of AASB15 – see note 30 for explanations*
2. *Reclassified and measured amounts due to restatements from errors in prior year – see note 31 for explanations*

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**2019**	2018	2017
		30 June	30 June	1 July
			Restated[1,2]	Restated[1,2]
		$	$	
ASSETS				
Current assets				
Cash and cash equivalents	8	**2,355,523**	3,115,672	4,131,886
Trade and other receivables	9	**2,025,212**	2,139,825	670,633
Loan to associated entities		**-**	-	75,000
Assets classified as held for sale		**-**	-	4,370,655
Other current assets	10	**246,114**	249,553	65,397
Total current assets		**4,626,849**	5,505,050	9,313,571
Non-current assets				
Investments in Joint Ventures		**-**	-	1,912,268
Loan and other receivables from associated entities		**-**	-	1,250,000
Property, plant and equipment	11	**150,294**	146,284	110,054
Deferred Tax Asset	7	**-**	284,600	-
Intangible assets	12	**12,467,503**	12,633,843	5,073,567
Total non-current assets		**12,617,797**	13,064,727	8,345,889
Total assets		**17,244,645**	18,569,777	17,659,460
LIABILITIES				
Current liabilities				
Trade and other payables	15	**549,197**	728,485	269,636
Unearned income	18	**5,218,978**	4,222,171	1,237,457
Current tax liabilities	16	**(6,261)**	5,659	1,102
Short term provisions	17	**267,793**	748,652	124,667
Liabilities classified as held for sale		**-**	-	407,460
Total current liabilities		**6,029,707**	5,704,967	2,040,322
Non-current liabilities				
Long term provisions	17	**33,372**	36,315	-
Total non-current liabilities		**33,372**	36,315	-
Total liabilities		**6,063,079**	5,741,282	2,040,322
NET ASSETS		**11,181,567**	12,828,495	15,619,138
Equity				
Issued capital	19	**69,838,778**	70,211,280	70,338,778
Reserves	20	**449,673**	473,701	(1,364,987)
Accumulated losses		**(59,106,884)**	(57,856,486)	(53,354,653)
TOTAL EQUITY		**11,181,567**	12,828,495	15,619,138

1. *Reclassified and measured amounts due to introduction of AASB15 – see note 30 for explanations*
2. *Reclassified and measured amounts due to restatements from errors in prior year – see note 31 for explanations*

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Ordinary share $	Retained earnings[1,2] $	FX translation reserve[2] $	Total $
Balance at 30 June 2017 (previously reported)	**70,338,778**	**(52,959,326)**	**(1,364,986)**	**16,014,466**
Cumulative adjustment upon change in accounting policy (AASB 15) [1]	-	(395,327)	-	(395,327)
Balance at 1 July 2017 (restated)	**70,338,778**	**(53,354,653)**	**(1,364,986)**	**15,619,139**
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 (restated)	**70,211,280**	**(55,861,048)**	**(760,100)**	**13,590,132**
Cumulative adjustment upon change in accounting policy (AASB 15) [1]	-	(222,964)	-	(222,964)
Prior period error restatement[2]	-	(1,772,474)	1,233,802	(538,672)
Balance at 1 July 2018 (restated)	**70,211,280**	**(57,856,486)**	**473,702**	**12,828,496**
Loss attributable to members of the parent	-	(1,250,398)	-	(1,250,398)
Total other comprehensive income	-	-	(24,029)	(24,029)
Sub total	-	(1,250,398)	(24,029)	(1,274,426)
Share capital reduction	(372,502)	-	-	(372,502)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2019	**69,838,778**	**(59,106,884)**	**449,673**	**11,181,567**

1. *Reclassified and measured amounts due to introduction of AASB15 – see note 30 for explanations*
2. *Reclassified and measured amounts due to restatements from errors in prior year – see note 31 for explanations*

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	**2019** **$**	2018 $
Cash flows from operating activities			
Receipts from customers		**10,918,585**	6,719,397
Payments to suppliers and employees		**(11,299,677)**	(7,333,877)
Interest received		**19,363**	17,825
Income tax refund / (paid)		**172,335**	81,145
Net cash provided by (used in) operating activities	23(b)	**(189,394)**	(515,510)
Cash flows from investing activities			
Purchase of shares in joint venture (net of cash required)		-	(1,333,983)
Purchase of plant and equipment		**(140,196)**	(30,024)
Proceeds from sale of held for sale assets		-	2,156,769
Payment for intangible assets		-	(1,427,197)
Net cash provided by (used in) investing activities		**(140,196)**	(634,435)
Cash flows from financing activities			
Consideration paid – Share buy back		**(372,502)**	(127,498)
Dividends paid		-	(782,573)
Net cash provided by (used in) financing activities		**(372,502)**	(910,071)
Net increase (decrease) in cash held		**(702,092)**	(2,060,016)
Effects of functional currency exchange rate changes		**(58,057)**	223,004
Cash at the beginning of the year		**3,115,672**	4,952,684
Cash at the end of the year	23(a)	**2,355,523**	3,115,672

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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 26 September 2019 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

The Board resolved that the company and its wholly-owned Australian resident entities will form a tax-consolidated Group and will therefore be taxed as a single entity from 1 July 2018. The notification to the ATO will be made upon lodging the 2018/19 tax return. The head entity within the tax-consolidated Group is Techniche Limited. The members of the tax-consolidated Group are:

Techniche Limited
Techniche APAC Pty Ltd
Techniche IP Services Pty Ltd
Techniche Technologies Pty Ltd
Network Monitoring Holdings Pty Ltd
Urgent Technology Australasia Pty Ltd
ERST International Pty Ltd

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

consolidated Group in accordance with the arrangement.

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.

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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*).

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.

Software / Core Code

Software / core code either acquired or developed internally is only capitalised if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

(b) the cost of the asset can be measured reliably.

after initial recognition, software / core code is carried at cost less accumulated amortisation and any accumulated impairment losses. Software / core code is amortised over the useful life of the software once it is available for use typically using the straight-line method. At least annually, an assessment is to be performed to ensure that both the amortisation period and amortisation method are still appropriate.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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. As a result, the Group's revised accounting policy for revenue recognition is as follows:-

- Software licence revenue is recognised on a straight-line basis over the period the software is available to the customer rather than the past practice of recognising when invoiced.

- Software customisation revenue is recognised on a straight-line basis over the period that the software is available to the customer and commencing from the time that the software has been delivered to the customer.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Software installation / implementation project revenue are recognised as distinct performance obligations when delivered or where the contract results in services that have an “alternative use” and a “right to payment”. For project revenues that have no “alternative use” but a “right to payment” exists a percentage completion basis will be applied.

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. COMPARATIVE FIGURES

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

P. 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 - Provision for expected credit losses (ECLs) of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivable. The provision rates are based on days past due for groupings of various customer segments.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. If the forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast economic conditions may also not be representative of customer’s actual default in the future.

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 $2,324,528 [2018: $2,062,739]. Further details are set out in Note 12.

Carrying value of deferred taxation assets

The full 30 June 2018 value of Deferred tax assets of $284,600 has been written down in the current reporting period as a result of the tax group restructure. For further details refer to Note 7.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. INITIAL APPLICATION OF STANDARD

AASB 9: Financial Instruments

The Group has adopted AASB 9 *Financial Instruments* with an initial application date of 1 July 2018. New requirements have been introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous Standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured as lifetime expected credit loss.

The Group reviewed and assessed the existing financial assets on 1 July 2018. The assessment was made to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised, and to compare that to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was performed without undue cost or effort, in accordance with AASB 9. The application of AASB 9 has no impact on the Group's comparative profit, other comprehensive income and reserves.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15: Revenue from Contracts with Customers with an initial application date of 1 July 2018. 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. As a result, the Group's revised accounting policy for revenue recognition is as follows:

- Software licence revenue is recognised on a straight-line basis over the period the software is available to the customer rather than the past practice of recognising when invoiced.

- Software customisation revenue is recognised on a straight-line basis over the period that the software is available to the customer and commencing from the time that the software has been delivered to the customer.

- Software installation / implementation project revenues are recognised as distinct performance obligations when delivered or where the contract results in services that have an "alternative use" and a "right to payment". For project revenues that have no "alternative use" but a "right to payment" exists a percentage completion basis will be applied.

See note 30 for details of the effect from the change in accounting policy.

R. ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretations 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 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and supersedes AASB 117 Leases. AASB 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The accounting for lessors will not significantly change. This standard will primarily affect accounting for the Group's operating leases. AASB 16 Leases is effective for the annual reporting period ending 30 June 2020 and the Group has chosen not to early adopt it in the current financial report.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group is finalising its assessment of the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the Group. At present, the Group anticipates adoption of the modified retrospective approach in the year ending 30 June 2020 and will not restate comparative amounts. As the group has non-cancellable operating lease commitments of $806,209 as at 30 June 2019, the impact of the new standard will result in a material right of use asset and lease liability measured at net present value, with the difference recorded in retained earnings on application. Due to the complexity involved in calculating the impact of AASB 16, management have not yet finalised this assessment, therefore no quantification of the impact has been made. Calculation complexity has been impacted by key judgements, including the incremental borrowing rate used to discount lease assets and liabilities and the uncertainties surrounding lease terms including potential rights of renewals.

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:

	2019	2018 Restated[2]
	$	$
Revenue from wholly owned subsidiaries		
Provision of IT services	**9,803,723**	6,417,139
Return from joint ventures		
Management fee received from associate	-	70,000
Interest received from associate	-	43,750
Share of net profit/(loss) of joint venture accounted for using the equity method	-	(207,852)
	-	(94,102)
Total revenue from ordinary activities	**9,803,723**	6,323,037

NOTE 3. AUDITOR'S REMUNERATION

	2019	2018
	$	$
Remuneration of the auditor of the parent entity (PKF Brisbane Audit) for:		
- auditing or reviewing the financial report	**66,000**	65,000
- non-audit-related services	**1,875**	-
	67,875	65,000
Remuneration of other auditors (PKF network firms) for:		
- auditing or reviewing the financial report of subsidiaries	**41,384**	25,739
	109,259	90,739

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:

	2019	2018
	$	$
Statement of Financial Position		
Current assets	**1,139,729**	2,208,556
Total assets	**15,908,315**	17,049,458
Current liabilities	**157,448**	200,009
Total liabilities	**157,448**	200,009
Issued capital	**69,838,778**	70,211,280
Accumulated losses	**(54,087,911)**	(53,361,831)
Total equity	**15,750,867**	16,849,449
Statement of Comprehensive Income		
Profit/(loss) for the year	**(726,080)**	(4,012,491)
Total comprehensive income for the year	**(726,080)**	(4,012,491)

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 2019 [2018: nil].

Commitments

At 30 June 2019, the Parent Entity had not entered into any contractual commitments for the acquisition of property plant and equipment [2018: nil]

NOTE 5. EARNINGS PER SHARE

	2019 **$**	2018 Restated $
a) Reconciliation of earnings to profit or loss		
Earnings used to calculate basic and diluted earnings per share – continuing and discontinued operations	**(1,250,398)**	(3,496,295)
Earnings used to calculate basic and diluted earnings per share continuing operations	**(1,250,398)**	(1,958,263)
b) **Weighted average number of ordinary shares**		
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**213,749,270**	223,260,129
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	**213,749,270**	223,260,129
Basic and diluted earnings per share from continuing and discontinued operations (cents per share)	**(0.58) cents**	(1.57) cents
Basic and diluted earnings per share from continuing operations (cents per share)	**(0.58) cents**	(0.88) cents

NOTE 6. INCOME TAX

		2019	2018 Restated
		$	$
a)	**The components of income tax expense comprise:**		
	Current tax benefit / (expense)	**126,344**	**391,844**
	Deferred tax	**(288,515)**	**(68,258)**
	Under / (over) provided in prior years		**-**
		(162,171)	**323,586**
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% [2018: 27.5%]	**299,262**	**549,659**
	Add/(less) tax effect of:		
	Non-assessable share of net profit/(loss) from joint venture		**(56,120)**
	Non-assessable gain on step acquisition		**147,308**
	(Non-deductible) Impairment	**(22,996)**	**(312,565)**
	(Non-deductible) Restructure		**(90,912)**
	(Non-deductible) Capitalised expenses		**178,293**
	(Non-deductible) unrealised foreign exchange(gains)/losses	**12,280**	**(33,726)**
	Add: tax withheld on income from foreign subsidiaries		**-**
	Less: prior year tax adjustments	**(220,062)**	**28,502**
	Losses for which no deferred tax asset has been recognised	**(230,655)**	**(86,853)**
	Income tax attributable to continuing operations	**(162,171)**	**323,586**
	Income tax attributable to discontinued operations	**-**	**(25,274)**
	Total Income tax benefit / (expense)	**(162,171)**	**298,312**
	Weighted average effective tax rate on continuing operations	**14.9%**	**14.2%**

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:

	2019	2018 Restated
Unused tax losses for which no deferred tax asset has been recognised	**56,506,597**	54,948,071
Potential tax benefit at 27.5% [2018: 27.5%]	**15,539,314**	15,110,720

All unused tax losses were incurred by Australian entities. The benefits from 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

The Board resolved that the company and its wholly-owned Australian resident entities will form a tax-consolidated Group and will therefore be taxed as a single entity from 1 July 2018. The notification to the ATO will be made upon lodging the 2018/19 tax return. The head entity within the tax-consolidated Group is Techniche Limited.

NOTE 7. DEFERRED TAX ASSETS

The deferred tax assets previously held have been written down in the current reporting period due to the implementation of a tax consolidation group in Australia.

	2019	2018
	$	$
The balance comprises temporary differences attributable to:		
Tax losses	-	51,984
Employee entitlements	-	76,968
Accruals	-	92,564
Other	-	63,084
	-	284,600

Movement in deferred tax assets:

	Tax Losses	**Employee Entitlements**	**Accruals**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2018	51,984	76,968	92,564	63,084	284,600
(Charged) / credited to profit or loss	(51,984)	(76,968)	(92,564)	(63,084)	(284,600)
Balance at 30 June 2019	-	-	-	-	-

NOTE 8. CASH AND CASH EQUIVALENTS

	2019	2018
	$	$
Cash at bank and on hand	**2,355,523**	3,115,672

The effective interest rate on short-term bank deposits was between 0.0% and 1.0% [2018: between 0.0% and 1.0%].

NOTE 9. TRADE AND OTHER RECEIVABLES

	2019	2018
	$	$
Current		
Trade receivables	**1,833,761**	1,652,362
Deferred settlement- sale of ERST	**-**	117,224
Other receivables	**191,451**	370,239
Provision for impairment	**-**	-
	2,025,212	2,139,825

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 in its three operating regions of Europe, the Middle East and Africa (EMEA), the Asia Pacific (APAC) and North America and Canada (The Americas). The Group's exposure to credit risk for receivables at reporting date to those regions is as follows:

EMEA	**1,161,448**	858,206
Americas	**166,021**	174,528
APAC	**697,743**	1,107,091
	2,025,212	2,139,825

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. The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables using historical observed default rates and regularly calibrates for forecast changes in economic conditions.
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	
	$	$	$	$	$	$	$
2019							
Trade receivables	**1,833,761**		**384,926**	**208,228**	**-**	**30,335**	**1,210,272**
Other receivables	**191,451**		**-**	**-**	**-**	**-**	**191,451**
	2,025,212		**384,926**	**208,228**	**-**	**30,335**	**1,401,723**
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

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

	2019	2018
	$	$
Prepayments	**142,667**	206,954
Security deposits	**16,837**	42,599
Work in progress	**86,610**	-
	246,114	249,553

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	$	**$**
Plant and equipment at cost	**538,333**	303,215
Accumulated depreciation	**(388,039)**	(156,931)
	150,294	146,284

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

	2019	2018
Balance at 1 July 2018	**146,284**	110,054
Additions	**90,227**	99,332
Disposals	**(16,762)**	-
Depreciation expense	**(69,455)**	(63,102)
Balance at 30 June 2019	**150,294**	146,284

NOTE 12. INTANGIBLE ASSETS

	Note	2019	2018
		$	$
Goodwill			
Cost		**4,722,851**	5,246,290
		4,722,851	5,246,290
Intellectual property rights			
Carrying value		**5,420,054**	5,324,814
		5,420,054	5,324,814
Software / Source Code			
Software / Source Code – at cost		**2,582,596**	3,127,846
Accumulated depreciation		**(257,998)**	(1,065,107)
		2,324,528	2,062,739

Software was recorded in relation to the acquisition of the Statseeker Group of companies on 30 January 2018.

Total Intangible assets		**12,467,503**	12,633,843

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	2019	2018
Goodwill			
Opening Balance		**5,246,290**	-
Goodwill acquired	14	**-**	4,155,124
Provisional Goodwill attributed to software / source code		**(523,439)**	1,091,166
Closing balance		**4,722,851**	5,246,290
Intellectual property rights			
Opening Balance		**5,324,814**	5,073,568
Foreign currency revaluation		**95,240**	251,246
Closing balance		**5,420,054**	5,324,814
Software / Source Code			
Opening Balance		**2,062,739**	-
Software acquired	14	**-**	3,214,078
Capitalised software development		**-**	336,030
Amortisation		**(261,510)**	(329,721)
Impairment		**-**	(1,157,648)
Provisional goodwill attributed to software		**523,439**	-
Closing balance		**2,324,598**	2,062,739

NOTE 12. INTANGIBLE ASSETS (CONTINUED)

Impairment disclosures

	2019	2018
	$	$
Goodwill is allocated to cash generating units which are based on the Group's reporting segments		
Statseeker	**4,722,851**	5,246,290
Other	**-**	-
Total	**4,722,851**	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.

Urgent Technology Limited	**5,420,054**	5,324,814
Other	**-**	-
Total	**5,420,054**	5,324,814

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.

Statseeker	**2,324,598**	2,062,739
Other	**-**	-
Total	**2,324,598**	2,062,739

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 *	
		2019	2018
Subsidiaries of Techniche Limited:		%	%
Techniche Technologies Pty Ltd	Australia	100	100
Techniche IP Services Pty Ltd	Australia	100	100
Techniche APAC Pty Ltd	Australia	100	100
Techniche Holdings USA Inc.	USA	100	100
Techniche Americas LLC	USA	100	100
Techniche EMEA Limited	United Kingdom	100	100
ERST International Pty Ltd	Australia	100	100
Urgent Technology Australasia Pty Ltd	Australia	100	100
Network Monitoring Holdings Pty Ltd	Australia	100	100
Statseeker Inc.	USA	100	100

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 has allowed 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.

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 initially 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 was notionally attributed to provisional goodwill. An independent expert was engaged to provide a Purchase Price Allocation report and this resulted in an allocation of goodwill to software / source code as outlined in note 12.

NOTE 15. TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Current liabilities		
Trade payables	**232,998**	339,630
Sundry payables and accrued expenses	**316,199**	460,065
	549,197	728,485

NOTE 16. CURRENT TAX LIABILITIES

	2019 $	2018 $
Current liabilities		
Other taxes (receivable) / payable	**(6,261)**	5,659
	(6,261)	5,659

NOTE 17. PROVISIONS

	2019 $	2018 $
(a) Short-term Provisions		
Short term employee entitlements		
Balance at 1 July	**286,891**	42,579
Provisions acquired	**-**	220,818
Additional provisions	**476,498**	255,456
Amounts used	**(505,035)**	(231,962)
Balance at 30 June	**196,190**	286,891
Restructure provision[i]	**-**	336,713
Other provisions	**71,604**	125,048
Balance at 30 June	**267,793**	748,652
Restructure provision		
Balance at 1 July	**336,713**	-
Additional provisions	**-**	336,713
Amounts used	**(336,713)**	-
Balance at 30 June	**-**	336,713
(b) Long-term Provisions		
Long term employee benefits		
Balance at 1 July	**36,315**	-
Balance acquired	**-**	16,637
Additional provisions	**17,252**	19,678
Amounts used	**(20,195)**	-
Balance at 30 June	**33,372**	36,315
Analysis of total employee provisions		
Current	**196,190**	286,891
Non-current	**33,372**	36,315
	229,562	323,206

i. A restructure provision was recognised in the 2018 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

	2019	2018 Restated[1]
	$	$
Balance at 1 July	**4,222,171**	1,237,457
Balance acquired[(i)]	**-**	2,765,490
Net movements	**996,807**	219,224
Balance at 30 June	**5,218,978**	4,222,171

(i) The 2018 balance was acquired in the business combination of Network Monitoring Holdings Pty Ltd and its subsidiaries. Refer to Note 14 for further information.

NOTE 19. ISSUED CAPITAL

	2019	**2018**	**2019**	**2018**
	Number	Number	**$**	$
a) Ordinary shares				
At the beginning of the reporting period	**220,224,305**	223,592,656	**70,211,280**	70,338,778
Shares bought back[(i)]	**(9,504,976)**	(3,368,351)	**(372,502)**	(127,498)
At reporting date	**210,719,329**	220,224,305	**69,838,778**	70,211,280
Fully paid	**210,719,329**	220,224,305	**69,838,778**	70,211,280

(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 2019 [2018: nil]. The Group's strategy to capital risk management is unchanged from prior years.

NOTE 20. RESERVES

	2019	2018 Restated
	$	**$**
Foreign Currency Translation Reserve	**449,673**	473,701

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

NOTE 21. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	$	**$**
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	**389,187**	260,201
Later than one year but not later than five years	**417,032**	118,915
	806,219	379,117

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 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 2019 and 30 June 2018, 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	
	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
	$	$	$	$	$	$	$	$
Provision of IT services	-	-	**4,915,808**	4,240,931	**4,887,915**	2,176,208	**9,803,723**	6,417,139
Inter-segment sales	**136,307**	92,201	**363,264**	173,411	-	-	**499,571**	265,612
Segment sales revenue	**136,307**	92,201	**5,279,072**	4,414,342	**4,887,915**	2,176,208	**10,303,294**	6,682,751
Equity accounted profits of joint ventures	-	(207,852)	-	-	-	-	-	(207,852)
Inter-company loan forgiveness	-	(1,633,236)	-	1,633,236	-	-	-	-
Other revenue	**209,096**	226,649	-	-	-	151	**209,096**	226,800
Total segment revenue before elimination	**345,403**	(1,522,238)	**5,279,072**	6,047,578	**4,887,915**	2,176,359	**10,512,390**	6,701,699
Reconciliation of segment revenue to group revenue:								
Elimination entries for revenue on consolidation								(360,837)
Total revenue								6,340,862
Profit/(loss) with inter-segment charges	**(726,080)**	(2,305,709)	**230,978**	1,834,440	**(583,125)**	(1,810,579)	**(1,088,227)**	(2,281,848))
Income tax expense	-	-	**240,219**	81,843	**(402,390)**	241,742	**(162,171)**	323,585
Segment result after tax	**(728,080)**	(2,305,709)	**471,197**	1,916,283	**(995,515)**	(1,568,837)	**(1,250,398)**	(1,958,263)
Total contribution after tax from continuing operations							**(1,250,398)**	(1,958,263)
Total contribution after tax from discontinued operations							-	(1,538,032)
Total contribution after tax							**(1,250,398)**	(3,496,295)
Segment assets	**11,426,833**	17,049,457	**2,654,854**	2,684,600	**9,915,596**	8,185,239	**23,997,283**	27,919,296
Inter-segment elimination	**(5,156,642)**	(8,861,948)	**(7,130)**	(487,571)	**(1,588,866)**	-	**(6,752,638)**	(9,349,519)
Total consolidated assets	**6,270,191**	8,187,509	**2,647,724**	2,197,029	**8,326,730**	8,185,239	**17,244,645**	18,569,777
Segment liabilities	**157,448**	776,517	**2,734,714**	4,133,839	**3,470,462**	6,345,242	**6,362,625**	11,255,598
Inter-segment elimination	-	(576,508)	-	(2,115,405)	**(299,546)**	(2,822,403)	**(299,546)**	(5,514,316)
Total consolidated liabilities	**157,448**	200,009	**2,734,714**	2,018,434	**3,170,916**	3,522,839	**(6,063,079)**	5,741,282
Depreciation and amortisation expense	**719**	666	**40,191**	38,309	**272,411**	353,074	**313,321**	392,049
Acquisition of property, plant and equipment	**10,724**	922	**14,891**	28,371	**37,478**	7,371	**63,093**	36,664

NOTE 23. CASH-FLOW INFORMATION

	2019	2018 Restated
	$	$

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:

	2019 $	2018 Restated $
Cash at bank and on hand (Note 8)	**2,355,523**	3,115,672
Cash in assets classified as held for sale	-	-
Cash per statement of cash flows	**2,355,523**	3,115,672

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

	2019 $	2018 Restated $
Profit / (loss) after income tax from continuing and discontinued operations	**(1,250,398)**	(3,496,295)
Non-cash flows in profit/(loss):		
Depreciation	**313,321**	392,049
Share of (profit)/loss of from joint venture	-	207,852
Unrealised foreign exchange (gains) / losses	**(44,654)**	17,856
Gain on step acquisition	-	(545,584)
Loss from sale of Discontinued Operations	-	602,224
Loss from sale of fixed asset	**6,059**	-
Reserve	-	1,233,802
Impairment	-	1,157,684
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**114,613**	(422,718)
(Increase)/decrease in other current assets	**3,439**	(35,610)
(Increase)/decrease in current tax assets	-	(329,318)
(Increase)/decrease in deferred tax assets[2]	**334,506**	84,707
Decrease/(increase) in payables / unearned income	**817,522**	673,571
Decrease/(increase) in provisions	**(483,802)**	(60,248)
Decrease/(increase) in current tax liabilities	-	4,518
Cash flows from operations	**(189,394)**	(515,510)

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 for the months of July and August 2018 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 2019 was $5,000 [2018: $30,000].

Key Management Personnel compensation

	2019	2018
	$	$
Short-term employee benefits	**1,412,920**	734,659
Post-employment benefits	**223,358**	93,061
	1,636,278	827,720

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 27.

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 9 as detailed in the accounting policies to these financial statements, are as follows.

	2019	2018
	$	$
Financial assets		
Cash and cash equivalents	**2,355,523**	3,115,672
Trade and other receivables	**2,025,212**	2,139,825
Loan to associated entities	**-**	-
Other receivables from associated entities	**-**	-
	4,380,735	5,255,497
Financial liabilities		
Trade and other payables	**549,197**	728,485

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**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash and cash equivalents	0.0	0.0	**2,355,523**	3,115,672	-	-	**2,355,523**	3,115,672
Trade and other receivables	-	-	**2,025,212**	2,139,825	-	-	**2,025,212**	2,139,825
Other receivables from associated entities	-	-	-	-	-	-		-
			4,380,735	5,255,497	-	-	**4,380,735**	5,255,497
Financial Liabilities								
Trade and other payables	-	-	**549,197**	728,485	-	-	**549,197**	728,485
Net financial assets / (liabilities)			**3,831,538**	4,527,012	-	-	**3,831,538**	4,527,012

NOTE 26. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Net financial assets / (liabilities) in AUD				
	AUD	**EURO**	**GBP**	**USD**	**Total AUD**
2019					
Functional currency of Group					
Australian Dollars	544,889	-	-	-	544,889
Great British Pounds	-	-	1,282,598	-	1,282,598
United States Dollars	-	-	-	528,036	528,036
Balance sheet exposure	544,889	-	1,282,598	528,036	2,355,523
Year-end exchange rate			.5535	.7013	
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	

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.

		2019	2018
		$	$
Cash and cash equivalents			
-	AA Rated	**2,047,741**	2,662,957
-	A Rated	**307,782**	452,715
		2,355,523	3,115,672

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		
2019	**43,412**	**43,412**
2018	55,034	55,034
Strengthening of AUD against other currencies by 10%		
2019	**21,003**	**(12,342)**
2018	(102,090)	8,467

NOTE 27. AFTER BALANCE DATE EVENTS

Commencing 1 July 2019, the Consolidated Entity implemented a regionally based business model. This involves a simplification of the operating entities in each region, centralisation of ownership of Group intellectual property and an organisation structure which will focus on selling and servicing both Urgent and Statseeker products in each region.

There are no other 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

The Group's wholly owned German subsidiary, ERST European Retails Systems Technology GmbH (ERST) was sold on 30 September 2017. The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

b) Financial information from operations

Financial Performance	**2019 $**	2018 Restated $
Revenue	-	754,503
Expenses	-	(413,236)
Profit before income tax	-	323,267
Income tax expenses	-	(25,274)
Profit after income tax of discontinued operation	-	297,993
Loss on sale of subsidiary after income tax (see (c) below)	-	(602,223)
Transfer of foreign currency translation reserve (see (c) below)	-	(1,233,802)
Profit / (Loss) from discontinued operations	-	(1,538,032)
Cash Flows		
Net cash inflow from operations	-	597,058
Net cash inflow from investing activities (due to sale of company net of cash disposed)	-	2,156,769
Net cash inflow from financing activities	-	-
Net increase in cash generated by the subsidiary	-	2,753,827

c) Financial information from sale

Details of the sale of the subsidiary	**2019 $**	2018 Restated $
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	-	5,231,800
Loss on sale of subsidiary before income tax	-	(602,223)
Transfer of foreign currency translation reserve[1]	-	(1,233,802)
Income tax expense	-	-
Loss on sale of subsidiary after income tax	-	(1,836,025)

NOTE 29. DIVIDENDS

	2019 $	2018 **$**
Distributions paid		
No dividends paid [2018: 0.35 cents per share]	-	782,574
	-	782,574
Balance of franking account at year-end	3,331	3,331

NOTE 30. INITIAL APPLICATION OF AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has applied AASB 15 using the cumulative effect method; that is, by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: Revenue. The following tables provide details of the significant changes and quantitative impact of those changes. Line items that were not affected by the changes have not been included.

	30 June 2018 (previously reported) $	AASB 15 Restatement $	(i) Restatement (refer note 9) $	(ii) Restatement (refer note 9) $	30 June 2018 (Restated) $
Statement of Financial Position (extracted)					
Deferred tax assets	**823,272**	-	(538,672)	-	**284,600**
Unearned income	**3,603,880**	618,291	-	-	**4,222,171**
Reserves	**(760,100)**	-	-	1,233,801	**473,702**
Accumulated losses	**(55,465,722)**	(618,291)	(538,672)	(1,233,801)	**(57,856,486)**
Total current liabilities	**5,086,676**	618,291	-	-	**5,704,967**
Total liabilities	**5,122,991**	618,291	-	-	**5,741,282**

	30 June 2017 (previously reported) $	AASB 15 Restatement $	(i) Restatement (refer note 9) $	(ii) Restatement (refer note 9) $	30 June 2017 (Restated) $
Statement of Financial Position (extracted)					
Unearned income	**842,130**	395,327	-	-	**1,237,457**
Accumulated losses	**(52,959,326)**	(395,327)	-	-	**(57,856,487)**
Total current liabilities	**5,086,676**	395,327	-	-	**2,040,323**
Total liabilities	**5,122,991**	395,327	-	-	**2,040,323**

NOTE 31. RESTATEMENT OF FINANCIAL STATEMENTS – CORRECTION OF ERRORS

Due to errors in a prior period, the Group has restated its financial statements for the financial year ended 30 June 2018.

(i) In the course of preparing the 2018 Australian tax returns for entities that were acquired as part of the Statseeker Group (Techniche Limited subsidiaries) it was identified that certain components of the Deferred Tax Asset balance recorded in the 2018 Financial Statements could not be sustained under the Techniche Group taxation structure post-acquisition. As such, this was an error in the financial report for the year ended 30 June 2018.

(ii) It was identified in the current period that the accounting for the sale of a former wholly owned subsidiary, ERST, which was sold and deconsolidated during the period ended 31 December 2017, incorrectly excluded the transfer of its related foreign currency translation reserve in the determination of the total loss on deconsolidation to the Group. As such, this was an error in the financial report for the half year ended 31 December 2017 and financial report for the year ended 30 June 2018.

Details of the restated accounts appear below:

	30 June 2018 (previously reported) $	AASB 15 Restatement (refer note 8) $	(i) Restatement $	(ii) Restatement $	30 June 2018 (Restated) $
Statement of Financial Position (extracted)					
Deferred tax assets	**823,272**	-	(538,672)	-	**284,600**
Unearned income	**3,603,880**	618,291	-	-	**4,222,171**
Reserves	**(760,100)**	-	-	1,233,802	**473,702**
Accumulated losses	**(55,465,722)**	(618,291)	(538,672)	(1,233,802)	**(57,856,487)**
Total current liabilities	**5,086,676**	618,291	-	-	**5,704,967**
Total liabilities	**5,122,991**	618,291	-	-	**5,741,282**

NOTE 32. NET CURRENT ASSET DEFICIENCY

As at 30 June 2019, the Group has reported a net current asset deficiency of $1,402,858 (30 June 2018: $199,917). However, the current liabilities include unearned income of $5,218,978 for customers who have paid in advance for their software licence subscription and support fees. The unearned income is not required to be funded with cash, and revenue is recognised when it is earned over the contracted periods.

NOTE 33. COMPANY DETAILS

The registered office of Techniche Limited in Australia is:

Ground Floor
143 Coronation Drive
Milton QLD 4064

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

Ground Floor
143 Coronation Drive
Milton QLD 4064

Other places of business are:

Techniche APAC Pty Ltd
Ground Floor
143 Coronation Drive
Milton QLD 4064

Techniche Americas LLC
5857 Owens Avenue
Suite 300
Carlsbad CA 92008

Techniche EMEA Limited
Powerhouse, Harrison Close
Knowlhill, Milton Keynes, MK5 8PA
United Kingdom

In the directors' opinion:

1. the financial statements and notes, as set out on pages 29 to 63 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 2019 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, 26 September 2019

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 2019, 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 2019 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.

Emphasis of matter

Without modification to our opinion, we draw attention to the matters outlined in Note 31 to the financial report describing the circumstances giving rise to restatements of financial information in the prior period.

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.

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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.

1. Impairment testing of intangible assets

Why significant	How our audit addressed the key audit matter

As at 30 June 2019 the carrying value of intangible assets was $12,467,503 (2018: $12,633,843), as disclosed in Note 12. This represents 72% (2018: 68%) of total assets of the consolidated entity.
 	
The consolidated entity's accounting policy in respect of intangible assets is outlined in Notes 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:
 	
• Period of cash flow forecasts included
• 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.
	Our work included, but was not limited to, the following procedures:-
	
	• assessing and challenging:
	    o the FY20 consolidated entity budget, including comparison to FY19 actuals;
	    o the assumptions used for the growth rate by comparing normalised average growth rates from FY18 to FY19 to the growth rate adopted in the impairment models
	    o the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts; and
	    o 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
	• assessing the consolidated entity's determination of cash generating units (CGUs); and
	• assessing the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 12.

2. Revenue recognition

Why significant	*How our audit addressed the key audit matter*
The consolidated entity has adopted AASB 15 *Revenue from Contracts with Customers* at 1 January 2018 using the modified retrospective application, with the cumulative effect of initially applying the standard to adjust the opening equity at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported in accordance with AASB 18 *Revenue*. As disclosed in the revenue recognition accounting policy in Note 1L, the consolidated entity's revenue has multiple revenue streams with customers which includes the provision of support and maintenance services, software subscriptions, licenses fees charged on a 'Software as a Service' basis, software installation and implementation and sales of licences. The recognition and amount of recorded revenue is material, and is a key performance indicator to users of the financial statements and stakeholders. Considerable audit effort was undertaken to review the impact of the new revenue standard. We therefore considered this matter to be significant to our audit.	We reviewed the consolidated entity's implementation of AASB 15, including recognition of the effect on opening equity and changes to procedures, accounting policy, disclosures and systems to support correct revenue recognition. We reviewed and discussed the consolidated entity accounting policy, the effect on opening equity and disclosure with management, including the key accounting estimates and judgements made by management. To determine whether revenue was appropriately accounted for and disclosed within the financial statements, we undertook, amongst others, the following audit procedures: • Evaluated the revenue recognition policies for all material sources of revenue and from our tests of details, ensured that revenue was being recognised appropriately in line with Australian Accounting Standards and policies disclosed within the financial statements. • Performed detailed cut-off testing to ensure that revenue transactions around the year end had been recorded in the correct period and deferred revenue had been properly accounted for.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 2019.

In our opinion, the Remuneration Report of Techniche Limited for the year ended 30 June 2019 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

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

DATED THIS 26TH DAY OF SEPTEMBER 2019
BRISBANE