Tech:niche.

Annual Report 2020

Techniche Limited
& Controlled Entities
ABN 83 010 506 162

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

John Lemon

REGISTERED OFFICE IN AUSTRALIA

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
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
Paul Djuric	Regional General Manager EMEA
James Wells	Regional General Manager APAC

FINANCIAL CALENDAR

2020

26 November	Annual General Meeting
31 December	Half year ends

2021

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

ANNUAL GENERAL MEETING

11.00am 26 November 2020
Ground Floor,
143 Coronation Drive
Milton 4066

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Facsimile: + 61 2 9287 0303

Website: www.linkmarketservices.com.au

CORPORATE GOVERNANCE STATEMENT

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

ABOUT TECHNICHE

Techniche Limited is an Australian software company with one aim – to be the trusted solution for rapidly-evolving companies in managing and optimising the performance of their critical operational assets.

Techniche's product solutions, Urgent and Statseeker, have led the way in managing and maintaining the critical operational assets of leading companies and government organisations across the globe for more than 20 years. The company has regional operations in EMEA (Europe, Middle East, Africa), APAC (Asia Pacific) and the Americas to manage its valuable customer base.

OUR PRODUCTS

Urgent, Techniche's powerful multi-tenant cloud-based computer-aided facilities management solution (CAFM or CMMS) services more than 40,000 fuel retail sites globally. It has become the Number 1 choice for the world's leading fuel and convenience retailers for 5 key reasons:

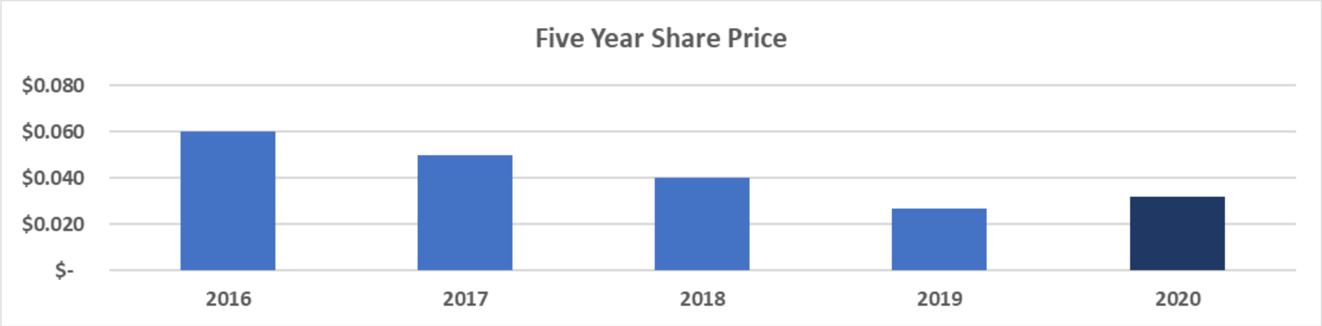
1. We specialise in the fuel retail sector.
2. We understand improving customer experience builds their brand and revenue.
3. We understand the critical nature of compliance across multiple regions.
4. We understand the health and safety of their staff is a priority.
5. We understand that by helping optimise the performance of their critical assets will help them save money and make money.

Statseeker, Techniche's agnostic and predictive network monitoring solution increases performance at scale. It has an incredible customer base, from Fortune 500 companies and G20 government departments through to small and medium businesses for its ability to reduce downtime and enhance business productivity though 5 key features:

1. It's scalable, fast and flexible, offering blanket network monitoring right up to the edges.
2. It monitors networks of any size, collecting key data as well SDN configuration and health metrics.
3. It provides minute-by-minute visibility with 60-second polling and ultra-fast reporting.
4. Its anomaly detection alerts the business to any behavioural change as soon as it happens.
5. Data history is stored in its original granularity, enabling accurate analytics and capacity planning.

CUSTOMERS INCLUDE…

Financial Highlights



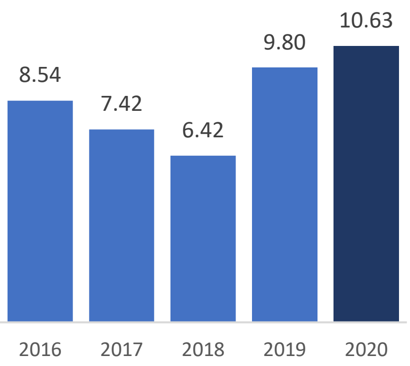
FIVE YEAR SUMMARY

All figures are in AUD '000s unless stated otherwise	2020	2019	2018	2017	2016
Revenue from Provision of IT Services	10,633	9,804	6,417	7,422	8,538
Earnings from Joint Ventures	-	-	94	344	644
Unrealised Foreign Exchange Gains / (Losses)	88	45	(133)	(66)	(587)
Cost of Revenue (i)	2,602	2,850	1,142	497	560
Operating Expenses (i)	6,490	6,973	7,124	5,083	5,980
Head Office & Corporate Expenses	1,095	1,133	1,191	990	785
Income Tax Expense (Benefit)	46	162	(349)	273	272
Profit / (Loss) After Tax	571	(1,250)	(3,496)	856	998
Earnings Per Share (cents)	0.27	(0.58)	(1.57)	0.38	0.45
Dividend - Cents Per Share	-	-	-	0.35	0.35
Return on Equity	4.9%	(9.3%)	(4.5%)	5%	6%
Cash and Cash Equivalents	4,469	2,356	3,116	4,132	3,830
Net Tangible Assets	(501)	(1,286)	195	10,546	7,814
Net Assets	11,657	11,182	12,828	16,014	16,340
Capitalisation	$6.7m	$5.7m	$8.8m	$10.3m	$13.4m
Share Price	$0.032	$0.027	$0.040	$0.046	$0.06

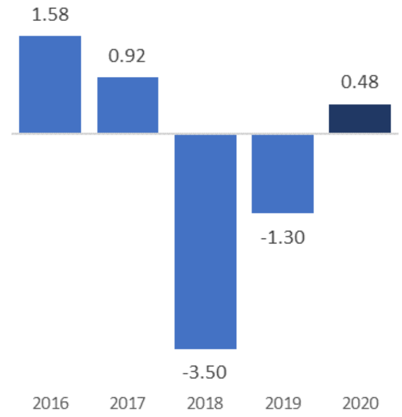
(i) The Company commenced reporting expenses based on their 'nature' rather than their 'function' from the financial year ended 30 June 2020 and have restated the 2019 prior year comparatives. Amounts from 2018 and earlier represent the results reported using the 'expense by function' approach.

FINANCIAL PERFORMANCE IN AUD

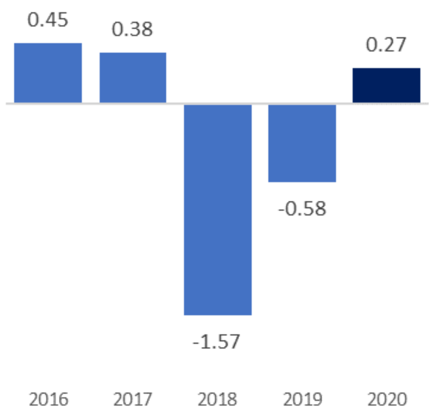
Revenue from Provision of IT Services
(AUD millions)



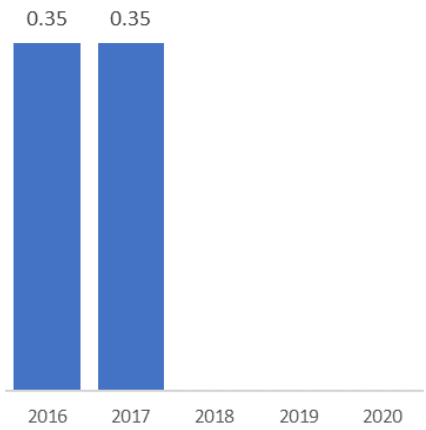
Operating Profit
(AUD millions)



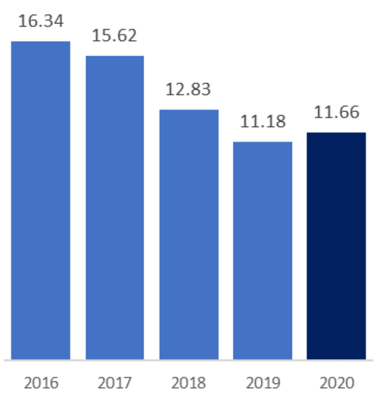
Earnings Per Share
(AUD cents)



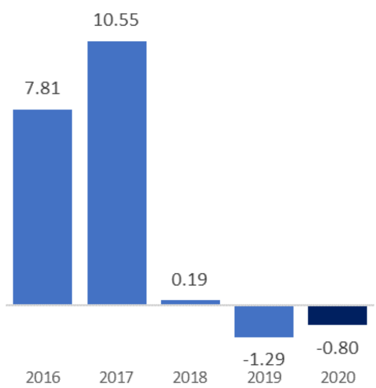
Dividends Per Share
(AUD cents)



Net Assets
(AUD millions)



Net Tangible Assets
(AUD millions)



CHAIRMAN'S ADDRESS – YEAR IN REVIEW

Dear Shareholder,

In my 2019 report, I advised that the company was well positioned to grow both revenues and profits since the bulk of the work in shifting Techniche to a technology company was complete.

I am pleased to advise that we have delivered on that commitment, with increased revenue and profit across the group.

Group Revenue for the period increased by 8.5%, while Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) improved by more than $2 million to $1,237,422.

More importantly, we saw no immediate impact to annual recurring revenue (ARR) from the COVID-19 pandemic, and our teams are continuing to work closely with our customers to minimise any future repercussions.

Financial & Operation Review

Group

Group Revenue increased by 8.5% to $10,633,022, ARR by 7.9% to $9,594,104 and Professional Services revenue by 14.4% to $1,038,918.

Gross Profit increased by 15.5% for the period. This increase was a result of Group Revenue increases and an 8.7% decrease in Cost of Sales that followed on from the previous year's restructure of Urgent's global support team.

Operating Expenses were down approx. 6% to $7,585,586.

Urgent

Urgent Revenue increased by 14.4% to $5,623,924 and ARR increased by 11.8% to $4,735,941. Continued demand for Professional Services by new and existing customers resulted in a non-recurring revenue increase of 30.4% to $887,983.

While it is pleasing to see continued improvements in Urgent's ARR, the Board and Management's view is that the growth potential of Urgent is substantial.

Urgent's primary market vertical has been, and continues to be, fuel and convenience store retail. The product was originally developed for BP, who still is a major customer along with several other major fuel retailers across Europe, Australia, and North America.

Typically, sales have been large, enterprise type deals. Now that we have predominately moved our major customers over to our multi-tenant SaaS solution, we are developing modules that will allow us to sell more effectively into the mid-market. This will open up significant growth opportunities in the North American market.

Statseeker

Statseeker revenue increased 2.5% to $5,009,099 and ARR increased by 4.2% to $4,858,163. Non-recurring revenue decreased by 33.5% to $150,936 as a result of perpetual licences being replaced by ARR contracts. Non-recurring perpetual licence revenue is being replaced by a growing capability to deliver Professional Services.

Statseeker is a sector agnostic network monitoring solution with large and small customers across all regions. Since acquiring the balance of Statseeker in 2018, our primary focus was to build account management and pre/post sales teams to support current customers and actively secure new business.

I am pleased to report that the Statseeker customer team has managed to protect us to date from any flow-on effects of COVID-19, and with the launch of version 5.5 we are seeing further opportunities for growth. We have also seen an increased interest from key accounts of custom development and integration solutions.

Our New Product Offering

As I mentioned in last year's report, we commenced research into a new product solution that converged the Urgent and Statseeker offerings through the management of IP-enabled operational assets (IoT) on a network.

The solution is wrapped around 4 components, known internally as ADAPTS.

ADAPTS stands for Asset Discovery (what IP-enabled assets are on the network), Availability (are the assets available and working), Performance (are my assets performing as planned) and Tailored Surveillance (which assets are posing a risk to the network).

We are currently conducting several alpha trials with customers in the United States and we will provide further updates as appropriate.

Cash

I am pleased to advise that the Group's cash reserves have increased to $4,468,562 at year end.

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

The Directors regularly discuss the best options to provide a realisable return to our shareholders. For a number of years I have written in my reports that 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. This still remains true to date.

At the time of writing this report, our market capitalisation is $8.2m. We are a technology company with a starting FY ARR of approx. $9.9m, cash at bank of approx. $4.5m, growing revenues with approx. 90% earned from Europe and North America, and an exceptional customer base including multiple Fortune 500 companies.

Furthermore, the company is now in a solid position for continued growth and we are constantly looking at improving its performance. We have great products, a good understanding of our markets, developing more focused marketing, growing our sales team, investing in product development, and working on some interesting opportunities.

Our Thanks

Techniche has close to 60 people located across the UK, Germany, Sri Lanka, Australia, the USA, and Canada. As a technology company, our people are our most critical asset, and we are fortunate to have many very capable and highly committed people who look after our customers, build our products, deliver on projects, and manage the operations. 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 go "above and beyond" to ensure the success of Techniche.

Karl P Jacoby
Executive Chairman

MANAGEMENT COMMENTARY

Techniche have a number of metrics that we track including Revenue Growth, Annual Recurring Revenue Growth, EBITDA margin, Gross Profit margin, as well as Group expenses. Expense function categories are “Sales and Marketing”, “Research and Development” and “General and Administration”.

Non-GAAP measures have been included, as we believe they provide useful information for readers to assist in understanding Techniche’s financial performance. Non-GAAP financial measures should not be viewed in isolation or considered as substitutes for measures reported in accordance with the Australian equivalents to International Financial Reporting Standards.

Business performance – Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA disclosures (which are non-GAAP financial measures) have been included, as we believe they provide useful information for readers in understanding Techniche’s financial performance. EBITDA is calculated by adding back depreciation, amortisation, net finance expense, and income tax expense to net profit/loss.

Twelve months to 30 June	**2020**	**2019**	**change**
Net profit/(loss) before tax	**616,927**	**(1,088,227)**	**156.7%**
Add back: Interest[1]	28,968	-	
Add back: Depreciation[1]	333,530	55,323	
Add back: Amortisation	257,998	257,998	
Earnings Before interest, tax, depreciation & amortisation	**1,237,422**	**(774,906)**	**259.7%**
EBITDA margin	*11.6%*	*(7.9%)*	*19.6%*

1. From 1 July 2019, Techniche has implemented *AASB 16 – Leases*. Future cash flows from contractual commitments such as office leases will be capitalised to create a “Right of Use” asset and an interest-bearing “Lease liability”. While the impact on the Net Profit After Tax has been minimal, it has resulted in operating expenses that were previously recognised as occupancy costs restated to a combination of depreciation of the “Right of Use” asset and interest on the “Lease Liability”. The impact of implementing *AASB 16 – Leases* has been to increase the reported measure of EBITDA by $279,029, consisting of interest on Lease Liabilities of $24,016 and depreciation of Right-of-Use assets of $252,013.

MANAGEMENT COMMENTARY (CONTINUED)

Revenue Growth

Techniche generates revenues from two products, Urgent and Statseeker. Techniche has many Fortune 500 customers, with our products sold and supported by staff in each of our key geographical subsidiaries - Techniche EMEA (covering Europe, Middle East & Africa), Techniche Americas and Techniche APAC (covering Asia & the Pacific).

Twelve months to 30 June	**2020**	**2019**	**change**
Total Revenues			
Urgent			
Subscription and other recurring revenues	**4,735,941**	4,234,720	11.8%
Professional services and other non-recurring revenues	**887,983**	681,088	30.4%
Statseeker			
Subscription and other recurring revenues	**4,858,163**	4,660,883	4.2%
Professional services and other non-recurring revenues	**150,936**	227,032	(33.5%)
Total Group Revenues			
Subscription and other recurring revenues	9,594,104	8,895,603	7.9%
Professional services and other non-recurring revenues	1,038,918	908,120	14.4%
Total revenue from IT services	**10,633,022**	9,803,723	8.5%

Consolidated Group revenue from wholly owned subsidiaries for the period increased by 8.5% to $10,633,022.

Total Urgent revenues increased by 14.4%. Recurring revenue increased by 11.8% to $4,735,941, while continued demand for professional services from mobilisation of new customers and services to existing resulted in non-recurring Urgent revenues increasing by 30.4% to $887,983.

Statseeker product revenues were maintained with a 2.5% increase to $5,009,099 for the period. Continued conversion of customers from a perpetual licence resulted in a subdued but pleasingly positive growth of 4.2% from recurring business. Non-recurring revenues decreased by 33.5%, as the sale of perpetual licences was minimal but is being replaced by a small but growing capability to deliver professional services.

MANAGEMENT COMMENTARY (CONTINUED)

Gross Profit

Gross profit represents operating revenue less cost of sales. Cost of sales consists of expenses directly associated with securely hosting Techniche's services and providing support to subscribers. The costs include hosting, personnel and related expenses directly associated with cloud infrastructure and customer support, related depreciation and amortisation and allocated overheads.

Gross Profit increased by 15.5% for the period. The increase in Group revenues were supplemented by an 8.7% decrease in Cost of Sales following the previous year's restructure of Urgent's global support team.

Twelve months to 30 June	**2020**	**2019**	**change**
Total revenue from IT services	10,633,022	9,803,723	8.5%
Cost of sales	2,602,068	2,849,895	(8.7%)
Gross profit	8,030,955	6,953,828	15.5%
Gross margin (%)	75.5%	70.9%	4.6%

Expenses

Techniche presents Group expenses based on their 'nature' rather than their 'function'. The Company views this as a more appropriate format for a technology business. Expense function categories include, "Sales and Marketing", "Research and Development" and "General and administration".

Sales and Marketing

Sales and marketing expenses consist of personnel and related expenses directly associated with the sales and marketing teams. Costs also include relationship management costs incurred to support the existing subscriber base. Other costs included are external advertising costs, marketing costs and promotional events, as well as allocated overheads.

Sales & Marketing expenses were lower both in overall terms and as a percentage of revenues. Key marketing activities such as annual trade shows that the Company attends are typically incurred in the second half of the year. These were cancelled due to the global COVID-19 pandemic and other marketing campaigns were deferred until business conditions improved.

Twelve months to 30 June	**2020**	**2019**	**change**
Sales and marketing expense	2,397,608	3,284,434	(27%)
Percentage of operating revenue	22.5%	33.5%	(11%)

MANAGEMENT COMMENTARY (CONTINUED)

Research and Development

Research and Development costs consist of personnel and related expenses directly associated with the product design, development and quality assurance as well as allocated overheads. Where software development costs meet the requirements to be capitalised as an intangible asset, it will be subsequently amortised over the useful life of the asset created. The amount amortised is included in research and development expenses.

Research & Development expenses were higher in overall terms and as a percentage of revenue as the company invested in additional development resources in both Urgent and Statseeker products.

Twelve months to 30 June	**2020**	**2019**	**change**
Research and development expense (excl. amortisation)	2,803,671	2,216,804	26.5%
Amortisation	257,998	257,998	-
Research and development expense	**3,061,669**	**2,474,802**	**23.7%**
Percentage of operating revenue	28.8%	25.2%	3.8%

General and Administration

General and administration expenses consist of personnel and related expenses for executive, finance and administrative employees and the Techniche Board. It also includes costs associated with being a listed public company, legal, accounting and other professional services fees, insurance premiums, other corporate expenses and allocated overheads.

General & Admin costs were lower for the period, reflecting a streamlining of Group administration and the comparative period including some restructure costs.

Twelve months to 30 June	**2020**	**2019**	**change**
General and administration expense	2,126,309	2,346,836	(9.4%)
Percentage of operating revenue	20%	23.9%	(3.9%)

COVID-19

Since the emergence of the global COVID-19 pandemic, Techniche has been actively working with our customers to assist them where-ever possible and to monitor the potential for risk to our revenue base. Techniche has maintained a high level of retained business and shows no current deterioration in receivables.

Techniche staff have been largely unaffected other than most are currently working from home. Techniche has not required government assistance in support of staff employment.

Techniche has no external debt, adequate cash reserves and are well positioned should there be a further deterioration in economic conditions.

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.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 2 September 2020.

Techniche Limited

Issued Capital Ordinary Shares: 210,719,329 as at 2 September 2020.

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 2 September 2020.

DISTRIBUTION OF EQUITY SECURITIES

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

Range	Total Holders	Shares	% Total Shares
1 – 1,000	35	5,988	0.00
1,001 – 5,000	27	79,143	0.04
5,001 – 10,000	20	157,127	0.08
10,001 – 100,000	262	9,668,030	4.59
100,001 and over	129	200,809,041	95.30
Total	**473**	**210,719,329**	**100.00**

The number of holder accounts holding a balance less than a marketable parcel was 101 based on a closing price of $0.038 on 2 September 2020. The total number of shares registered to such holder accounts was 462,260. 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 2 September 2020 was $0.038 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 13,158 shares based on this price.

SHAREHOLDER INFORMATION

TECHNICHE'S TWENTY LARGEST SHAREHOLDERS AS AT 2 SEPTEMBER 2020

Shareholder		Shares	% Total Shares
1	Jacoby Management Services Pty Ltd	46,321,378	21.98
2	Hooks Enterprises Pty Limited (Hoeksema Super Fund)	31,900,000	15.14
3	Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	16,552,747	7.86
4	Tappak Nominees Pty Ltd (Sheppard Group Superfund)	8,779,760	4.17
5	Tara Group Pty Ltd	6,084,949	2.89
6	George Edward Chapman	5,000,000	2.37
7	Mr Ian Harvey Carey	3,399,654	1.61
8	Buratu Pty Ltd (Connolly Super Fund A/C)	3,275,000	1.60
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	R and J McCabe Superannuation Fund Pty Ltd (R and J McCabe S/F A/C)	3,000,000	1.42
12	Zoom Zoom Pty Limited	2,918,783	1.39
13	Beebee Holdings Pty Ltd	2,833,208	1.34
14	Cff Pty Ltd (Crommelin Family Found A/C)	2,500,000	1.19
15	Mt Cotton Holdings Pty Ltd (Renglade P/L Staff S/F A/C)	2,441,280	1.16
16	Mr Daniel Francis Flynn + Mrs Carmel Mary Flynn (Flynn Family S/F A/C)	2,400,000	1.14
17	Mr Alex Tau-Kheng Lim	2,312,491	1.10
18	Mr Peter Raymond Burnitt (Burnitt Family S/F A/C)	2,275,145	1.08
19	Mr Joseph Christopher Browning (Browning Group S/F A/C)	2,000,000	0.95
20	Yarrac Pty Ltd (Colebatch Property A/C)	1,808,252	0.86
Total		**152,003,730**	**72.13**

	Investors	Current Balance	% Issued Capital
Total of Top 20 Holders	24	152,370,050	72.31
Total Other Investors	449	58,349,279	27.69
Total Shares on Issue	**473**	**210,719,329**	**100.00**

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TECHNICHE LIMITED

AND CONTROLLED ENTITIES

ABN 83 010 506 162

FINANCIAL REPORT 2020

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 2020. 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 is to deliver software solutions to a global market. Our focus 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 aim 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 profit of the Group from continuing and discontinued operations after providing for income tax amounted to $571,006, [2019: ($1,250,398)].

REVIEW OF OPERATIONS

The Company recorded its first full year of operations following the two-year restructure as it moved from a technology investment company to technology company and commenced a regionally focused business structure. Operating regions are now focused on selling to and servicing customers in the APAC, EMEA and Americas regions.

The Company has appointed staff to actively manage our existing customers to ensure we fully understand their needs and to maximise the opportunity from these customers. Following the emergence of COVID-19, this strategy has assisted to ensure we maintain a high level of customer retention.

Earnings per share increased by 0.85 cents per share from an after tax loss of (0.58) cents per share for the year ended 30 June 2019 to a profit of 0.27 cents per share for the current year to 30 June.

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 2020.

FINANCIAL POSITION

Net assets of the Group have increased by $475,078 from $11,181,567 in 2019 to $11,656,645 in 2020. This increase is a reflection of the return to operating profitability from growth in revenues and costs have returned to normal levels following the completion of the Group restructure.

Cash balances have increased to $4,468,562 [2019: $2,355,523] due to profitable operations and COVID-19 incentives from the Australian and United Kingdom governments. These incentives are a mixture of tax deferrals and taxes forgiven.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

Our focus for the future is to create (build, buy or partner) a platform of applications that address the convergence of operational assets (OT) and technology assets (IT), particularly in light industry, where asset reliability and availability is critical. The development of our new converged product offering (ADAPTS) will continue through the alpha trial process and we expect to provide further updates as appropriate. We have an exceptional customer base and aim to maximise these relationships and the market reach in the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

This will mean a continued investment in our product suite, a more focused approach to marketing and developing our people. The COVID-19 pandemic has to date had little impact on our business but remains an area of risk. We have a good base of recurring revenues and solid cash reserves and are well positioned if there is any deterioration in the markets we operate.

For shareholders, we are focused on developing opportunities to provide a better than satisfactory return in the future.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

As previously stated, the Company has reset its strategy, moving from a technology investment company to a technology company focused around the convergence of operational assets (OT) and technology assets (IT). The Company completed the 2 year transformation and now operates within the 3 regions of EMEA (Europe, Middle East, Africa), APAC (Asia Pacific), and the Americas.

AFTER BALANCE DATE EVENTS

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

ENVIRONMENTAL ISSUES

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

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director	Qualifications and experience	Special responsibilities	Interest in shares at 30 June 2020
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.	46,321,378 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, 14 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	10	10	-	-	-	-
A Campbell	10	10	3	3	1	1
A Ellerby	10	10	-	-	1	1
M Gill	10	10	3	3	-	-

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 $66,072 [2019: $53,842].

OPTIONS

At the date of this report, there were no unissued ordinary shares of Techniche Limited under option [2019: Nil].

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 31 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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.

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 28. 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 28 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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.

	Position held as at 30 June 2020 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 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	Resigned 19 June 2020

CHANGES IN EXECUTIVES SUBSEQUENT TO YEAR END

Nil

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2020

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)	**2020**	**149,244**		**24,996**			**174,240**	**-**
	2019	91,164	-	24,996	-	-	116,160	-
A Campbell	**2020**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2019	39,781	-	3,779	-	-	43,560	-
A Ellerby	**2020**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2019	39,781	-	3,779	-	-	43,560	-
M Gill	**2020**	**39,781**	**-**	**3,779**	**-**	**-**	**43,560**	**-**
	2019	49,726	-	4,724	-	-	54,450	-
Company Secretary								
J A Lemon	**2020**	**34,025**	**-**	**-**	**-**	**-**	**34,025**	**-**
	2019	44,328	-	-	-	-	44,328	-
Other key management personnel of controlled entities								
P Djuric	**2020**	**212,373**	**11,148**	**36,481**		**-**	**248,854**	**4%**
	2019	197,356	-	32,456	-	-	229,812	-
J Wells	**2020**	**175,000**	**-**	**16,625**	**-**	**-**	**191,625**	**-**
	2019	171,589	15,769	16,969	-	-	204,327	8%
D Wilson	**2020**	**152,000**		**23,200**		**-**	**175,200**	**-**
	2019	150,000	-	14,250	-	-	164,250	-
T Caldwell	**2020**	**333,151**	**-**	**9,442**	**-**	**-**	**342,592**	**-**
	2019	83,667	-	1,125	-	-	84,792	-
C Ford(i)	**2020**	**133,529**	**3,565**	**17,503**	**53,688**	**-**	**208,285**	2%
	2019	117,295	-	13,926	-	-	131,221	-
Total	**2020**	**1,308,665**	**14,713**	**139,584**	**53,688**	**-**	**1,516,650**	
	2019	984,687	15,769	115,731	-	-	1,116,187	

(i) No termination benefit on resignation until 19 June 2020

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

SHAREHOLDING OF KEY MANAGEMENT PERSONNEL AT 30 JUNE 2020

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
2020					
Directors					
K P Jacoby	45,519,378	-	-	802,000	46,321,378
A Campbell	3,281,309	-	-	-	3,281,309
A Ellerby	-	-	-	-	-
M Gill	-	-	-	-	-
Other Key Management Personnel					
J Lemon	33,334	-	-	-	33,334
D Wilson	1,260,000	-	-	740,000	2,000,000
Total	50,094,021	-	-	1,542,000	51,636,021
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

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.

	2020	2019	2018	2017	2016
Profit for the year attributable to owners of Techniche Limited	571,006	(1,250,398)	(3,496,295)	856,152	997,857
Basic earnings per share (cents)	0.27	(0.58)	(1.57)	0.38	0.45
Dividends per share (cents)	-	-	0.35	0.35	0.35
Closing share price ($)	0.032	0.02	0.04	0.05	0.06
Total KMP incentives as percentage of profit/(loss) for the year (%)	2.6%	N/A	N/A	7.6	11.4

- End of remuneration report (audited) –

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

K P Jacoby

Executive Chairman

Brisbane, 28 September 2020

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 2020, 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.

This declaration is in respect of Techniche Limited and the entities it controlled during the year.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
28 SEPTEMBER 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020	2019
		$	$
Revenue from IT Services	2	**10,633,022**	9,803,723
Cost of sales		**(2,602,068)**	(2,849,895)
Gross Profit		**8,030,954**	6,953,828
Foreign exchange gain		**88,164**	44,654
Other income		**112,363**	-
Operating Expenses	3		
General and administration		**(2,126,309)**	(2,346,836)
Sales and marketing		**(2,397,608)**	(3,284,434)
Research and development		**(3,061,669)**	(2,474,802)
Total operating expenses		**(7,585,586)**	(8,106,072)
Operating profit / (loss) from ordinary activities		**645,895**	(1,107,590)
Interest income		**1,040**	19,363
Interest expense (includes interest on lease liabilities)		**(30,008)**	-
		(28,968)	19,363
Profit / (loss) before income tax		**616,927**	(1,088,227)
Income tax (expense) / benefit	7	**(45,921)**	(162,171)
Profit / (loss) for the year attributable to the members of the parent entity		**571,006**	(1,250,398)
Other comprehensive income			
Items that may be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**(105,727)**	(24,029)
Other comprehensive income / (loss) for the year		**(105,727)**	(24,029)
Total comprehensive income / (loss) attributable to members of the parent entity		**465,279**	(1,274,427)
Earnings per share			
Basic earnings per share (cents per share)	6	**0.27 cents**	(0.58) cents
Diluted earnings (cents per share)	6	**0.27 cents**	(0.58) cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**2020 30 June**	2019 30 June
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	8	**4,468,562**	2,355,523
Trade and other receivables	9	**2,093,872**	2,025,212
Other current assets	10	**179,597**	246,114
Total current assets		**6,742,031**	4,626,849
Non-current assets			
Property, plant and equipment	11	**121,553**	150,294
Right-of-use assets	12	**313,013**	-
Intangible assets	13	**12,157,530**	12,467,503
Total non-current assets		**12,592,096**	12,617,797
Total assets		**19,334,127**	17,244,645
LIABILITIES			
Current liabilities			
Trade and other payables	15	**1,138,254**	549,197
Unearned income	18	**5,877,202**	5,218,978
Current tax liabilities	16	**101,089**	(6,261)
Short term provisions	17	**204,443**	267,793
Lease liabilities	12	**214,337**	-
Total current liabilities		**7,535,325**	6,029,707
Non-current liabilities			
Long term provisions	17	**48,886**	33,372
Lease liabilities	12	**93,271**	-
Total non-current liabilities		**142,157**	33,372
Total liabilities		**7,677,482**	6,063,079
NET ASSETS		**11,656,645**	11,181,567
Equity			
Issued capital	19	**69,838,778**	69,838,778
Reserves	20	**343,945**	449,673
Accumulated losses		**(58,526,078)**	(59,106,884)
TOTAL EQUITY		**11,656,645**	11,181,567

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

		Ordinary shares $	Accumulated losses $	FX translation reserve $	Total $
Balance at 1 July 2018		**70,211,280**	**(57,856,486)**	**473,702**	**12,828,496**
Loss attributable to members of the parent entity		-	(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**
Adjustment for change in accounting policy for leases	1	-	9,800	-	9,800
Balance at 1 July 2019 - restated		**69,838,778**	**(59,097,084)**	**449,673**	**11,191,367**
Profit attributable to members of the parent entity		-	571,006	-	571,006
Total other comprehensive income		-	-	(105,727)	(105,727)
Sub total		69,838,778	(58,526,078)	343,945	11,656,645
Dividends paid or provided for		-	-	-	-
Balance at 30 June 2020		**69,838,778**	**(58,526,078)**	**343,945**	**11,656,645**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	**2020**	2019
		$	$
Cash flows from operating activities			
Receipts from customers		**11,256,331**	10,918,585
Payments to suppliers and employees		**(9,009,830)**	(11,299,677)
Interest received		**113,403**	19,363
Income tax refund / (paid)		**61,429**	172,335
Interest and other financing		**(30,008)**	-
Net cash provided by (used in) operating activities	22(b)	**2,391,325**	(189,394)
Cash flows from investing activities			
Purchase of plant and equipment		**(29,849)**	(140,196)
Net cash provided by (used in) investing activities		**(29,849)**	(140,196)
Cash flows from financing activities			
Consideration paid – share buy back		**-**	(372,502)
Repayment of lease liabilities		**(257,313)**	-
Net cash provided by (used in) financing activities		**(257,313)**	(372,502)
Net increase (decrease) in cash held		**2,104,163**	(702,092)
Effects of functional currency exchange rate changes		**8,876**	(58,057)
Cash at the beginning of the year		**2,355,523**	3,115,672
Cash at the end of the year	22(a)	**4,468,562**	2,355,523

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

The financial statements were authorised for issue on 28 September 2020 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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 14 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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Consolidation

The company and its wholly-owned Australian resident entities form a tax-consolidated Group and are taxed as a single entity. 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-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 66.67%*

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FINANCIAL INSTRUMENTS

Initial Recognition and Measurement

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

Classification and Subsequent Measurement

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

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

i. Loans and receivables

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

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

ii. Financial liabilities

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

De-recognition

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

E. IMPAIRMENT OF ASSETS

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

G. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

H. 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.

I. 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.

J. 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.

K. 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.

- 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).

L. 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. COMPARATIVE FIGURES

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

O. 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.

P. INITIAL APPLICATION OF STANDARD

AASB 16: Leases

The Group has adopted AASB 16: Leases with a date of initial application of 1 July 2019.

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 30 June 2019	806,219
Leases with remaining lease term of less than 12 months	(147,850)
Operating lease commitments before discounting	658,369
Discounts using incremental borrowing rate	(93,448)
Total lease liabilities recognised under AASB 16 at 1 July 2019	**564,921**
Right-of-use assets (AASB 16)	562,417
Lease liabilities - current (AASB 16)	(227,189)
Lease liabilities - non-current (AASB 16)	(337,732)
Make good provisions	(14,363)
Other current assets	(32,772)
Other provisions	59,439
Increase in opening retained profits as at 1 July 2019	9,800

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 2. REVENUE FROM IT SERVICES

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

	2020	2019
	$	$
Revenue from contracts with customers		
Subscription and other recurring revenue	**9,594,104**	8,895,604
Professional services	**60,001**	685,799
Software sales	**978,917**	222,320
	10,633,022	9,803,723

NOTE 3. EXPENSES

Techniche has changed its method of managing and presenting Group expenses from based on their 'nature' to based on their 'function'. Mapping of expenses by nature to expenses by function is determined by classifying expense transactions to functions. Significant expenses such as "Employee benefits expense" are typically mapped to functions based on the classification of staff roles, while other types of expense are assessed at a transaction level.

	2020	2019
Cost of sales and operating expenses	$	$
Auditor remuneration	**109,438**	109,259
Consulting Fees	**384,434**	773,148
Commission & other direct costs	**881,480**	917,607
Directors remuneration	**278,466**	235,370
Employee benefits expense	**6,389,790**	6,296,012
Insurance	**120,558**	129,613
Travel expenses	**210,545**	361,488
Premises expenses	**202,927**	446,695
Sales and Marketing	**584,068**	871,649
Share registry and listing fees	**54,708**	50,644
Other expenses	**379,714**	451,161
Interest expense	**30,008**	-
Total Cost of sales and operating expenses excluding amortisation & depreciation	**9,626,135**	10,642,646
Depreciation and amortisation		
Amortisation of software	**260,488**	261,580
Depreciation of right-of-use assets	**252,012**	-
Depreciation of property, plant & equipment	**79,027**	51,741
Total depreciation & amortisation expense	**591,527**	313,321
Total cost of sales & operating expenses	**10,217,663**	10,955,967
Depreciation and amortisation included in function expenses as follows:		
Cost of sales	**24,252**	-
General and administration	**181,754**	55,323
Sales and marketing	**44,281**	-
Research and development	**341,240**	257,998
Total depreciation & amortisation expense	**591,527**	313,321

NOTE 4. AUDITOR'S REMUNERATION

	2020 $	2019 $
Remuneration of the auditor of the parent entity (PKF Brisbane Audit) for:		
- auditing or reviewing the financial report	**73,000**	66,000
- non-audit-related services	**-**	1,875
	73,000	67,875
Remuneration of other auditors (PKF network firms) for:		
- auditing or reviewing the financial report of subsidiaries	**36,438**	41,384
	109,438	109,259

NOTE 5. 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 $	2019 $
Statement of Financial Position		
Current assets	**1,608,159**	1,139,729
Total assets	**15,317,520**	15,908,315
Current liabilities	**251,912**	157,448
Total liabilities	**348,752**	157,448
Issued capital	**69,838,778**	69,838,778
Accumulated losses	**(54,870,010)**	(54,087,911)
Total equity	**14,968,768**	15,750,867
Statement of Comprehensive Income		
Profit/(loss) for the year	**(810,643)**	(726,080)
Total comprehensive income for the year	**(810,643)**	(726,080)

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.

Contingent liabilities

The Parent Entity did not have any contingent liabilities as at 30 June 2020 [2019: nil].

Commitments

At 30 June 2020, the Parent Entity had not entered into any contractual commitments for the acquisition of property plant and equipment [2019: nil]

NOTE 6. EARNINGS PER SHARE

		2020 $	2019 $
a)	**Reconciliation of earnings to profit or loss**		
	Earnings used to calculate basic and diluted earnings per share	**571,006**	(1,250,398)
b)	**Weighted average number of ordinary shares**		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**210,719,329**	213,749,270
	Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	**210,719,329**	213,749,270

Earnings per share		
Basic earnings per share (cents per share)	**0.27 cents**	(0.58) cents
Diluted earnings per share (cents per share)	**0.27 cents**	(0.58) cents

NOTE 7. INCOME TAX

	2020 $	2019 $
a) The components of income tax expense comprise:		
Current tax benefit / (expense)	**(45,921)**	126,344
Deferred tax	**-**	(288,515)
Under / (over) provided in prior years	**-**	-
	(45,921)	(162,171)
b) The prima facie income tax expense on profit from ordinary activities		
Prima facie tax benefit / (expense) on (loss) / profit from ordinary activities before income tax at 27.5% [2019: 27.5%]	**(169,655)**	299,262
Add/(less) tax effect of:		
(Non-deductible) Impairment	**-**	(22,996)
(Non-deductible) Other expenses	**(64,066)**	-
(Non-deductible) unrealised foreign exchange(gains)/losses	**24,245**	12,280
Add: tax withheld on income from foreign subsidiaries	**(114,631)**	-
Less: prior year tax adjustments	**(2,573)**	(220,062)
Losses for which no deferred tax asset has been recognised	**280,759**	(230,655)
Total Income tax benefit / (expense)	**(45,921)**	(162,171)
Weighted average effective tax rate on continuing operations	**7.4%**	14.9%

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

c) Tax losses:

	2020 $	2019 $
Unused tax losses for which no deferred tax asset has been recognised	**53,019,833**	53,646,723
Potential tax benefit at 27.5% [2019: 27.5%]	**14,580,454**	14,752,849

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 company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity. The head entity within the tax-consolidated Group is Techniche Limited.

NOTE 8. CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank and on hand	**4,468,562**	2,355,523

The effective interest rate on short-term bank deposits was between 0.0% and 1.0% [2019: between 0.0% and 1.0%].

NOTE 9. TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
Current		
Trade receivables	**1,998,635**	1,833,761
Other receivables	**95,237**	191,451
	2,093,872	2,025,212

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	**1,404,609**	1,161,448
Americas	**590,405**	166,021
APAC	**98,858**	697,743
	2,093,872	2,025,212

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	
	$	$	$	$	$	$	$
2020							
Trade receivables	**1,998,635**		**76,765**	**116,051**	**-**	**9,463**	**1,796,356**
Other receivables	**95,237**		**-**	**-**	**-**	**-**	**95,237**
	2,093,872		**76,765**	**116,051**	**-**	**9,463**	**1,891,593**
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

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

	2020 $	2019 $
Prepayments	**118,063**	142,667
Security deposits	**54,218**	16,837
Work in progress	**7,316**	86,610
	179,597	246,114

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Plant and equipment at cost	**568,550**	538,333
Accumulated depreciation	**(446,997)**	(388,039)
	121,553	150,294

Movement in carrying amounts

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

Plant and equipment		
Balance at 1 July 2019	**150,294**	146,284
Additions	**48,720**	90,227
Disposals	**1,567**	(16,762)
Depreciation expense	**(79,027)**	(69,455)
Balance at 30 June 2020	**121,553**	150,294

NOTE 12. RIGHT OF USE ASSETS

	2020 $	2019 $
Land and buildings – right-of-use	**967,032**	-
Less: Accumulated depreciation	**(654,020)**	-
	313,012	-

The consolidated entity leases buildings for its offices under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

As outlined in Note 1, the recognition of right-of-use-assets was offset by recognition of both current and non-current lease liabilities relating to the leased assets. Lease liabilities are recognised for lease contracts in excess of 12 months and are initially measured at the present value of remaining lease payments which have been discounted at the Group's incremental borrowing rate.

NOTE 13. INTANGIBLE ASSETS

	Note	2020 $	2019 $
Goodwill			
Cost		**4,722,851**	4,722,851
		4,722,851	4,722,851
Intellectual property rights			
Carrying value		**5,370,569**	5,420,054
		5,370,569	5,420,054
Software / Source Code			
Software / Source Code – at cost		**2,582,596**	2,582,596
Accumulated depreciation		**(518,486)**	(257,998)
		2,064,110	2,324,528
Total Intangible assets		**12,157,530**	12,467,503

Movement in carrying values

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

Goodwill		
Opening Balance	**4,722,851**	5,246,290
Provisional Goodwill attributed to software / source code	**-**	(523,439)
Closing balance	**4,722,851**	4,722,851
Intellectual property rights		
Opening Balance	**5,420,054**	5,324,814
Foreign currency revaluation	**(49,485)**	95,240
Closing balance	**5,370,569**	5,420,054
Software / Source Code		
Opening Balance	**2,324,598**	2,062,739
Amortisation	**(260,488)**	(261,510)
Provisional goodwill attributed to software	**-**	523,439
Closing balance	**2,064,110**	2,324,598

NOTE 13. INTANGIBLE ASSETS (CONTINUED)

Impairment disclosures

	2020	2019
	$	$
Goodwill is allocated to cash generating units which are based on the Group's branded product offerings.		
Statseeker	**4,722,851**	4,722,851
Total	**4,722,851**	4,722,851

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 branded product offerings.

Urgent Technology Limited	**5,370,569**	5,420,054
Total	**5,370,569**	5,420,054

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	**2,064,110**	2,324,598
Total	**2,064,110**	2,324,598

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 14. 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 *	
		2020	2019
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 15. TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Current liabilities		
Trade payables	**149,199**	232,998
Sundry payables and accrued expenses	**989,055**	316,199
	1,138,254	549,197

NOTE 16. CURRENT TAX LIABILITIES

	2020 $	2019 $
Current liabilities		
Other taxes payable / (receivable)	**101,089**	(6,261)
	101,089	(6,261)

NOTE 17. PROVISIONS

	2020 $	2019 $
(a) Short-term Provisions		
Short term employee entitlements		
Balance at 1 July	**267,793**	286,891
Provisions acquired	**-**	-
Additional provisions	**395,016**	476,498
Amounts used	**(458,366)**	(505,035)
Balance at 30 June	**204,443**	196,190
Other provisions	**-**	71,604
Balance at 30 June	**204,443**	267,793
Restructure provision (i)		
Balance at 1 July	**-**	336,713
Additional provisions	**-**	-
Amounts used	**-**	(336,713)
Balance at 30 June	**-**	-
(b) Long-term Provisions		
Long term employee benefits		
Balance at 1 July	**33,372**	36,315
Additional provisions	**1,151**	17,252
Amounts used	**-**	(20,195)
Balance at 30 June	**34,523**	33,372
Other provisions	**14,363**	-
Balance at 30 June	**48,886**	33,372
Analysis of total employee provisions		
Current	**204,443**	196,190
Non-current	**34,523**	33,372
	238,966	229,562

(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

	2020	2019
	$	$
Balance at 1 July	**5,218,978**	4,222,171
Net movements	**658,224**	996,807
Balance at 30 June	**5,877,202**	5,218,978

NOTE 19. ISSUED CAPITAL

	2020	2019	2020	2019
	Number	Number	**$**	$
a) Ordinary shares				
At the beginning of the reporting period	**210,719,329**	220,224,305	**69,838,778**	70,211,280
Shares bought back	-	(9,504,976)	-	(372,502)
At reporting date	**210,719,329**	210,719,329	**69,838,778**	69,838,778
Fully paid	**210,719,329**	210,719,329	**69,838,778**	69,838,778

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 2020 [2019: nil]. The Group's strategy to capital risk management is unchanged from prior years.

NOTE 20. RESERVES

	2020	2019
	$	**$**
Foreign Currency Translation Reserve	**343,945**	449,673

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

NOTE 21. OPERATING SEGMENTS

Commencing 1 July 2019, the Group changed the basis of managing its operating segments from product-based business units to geographical regions and a corporate head office. Each region will now offer all software product lines and professional services. Their performance will be assessed and used to determine the allocation of resources.

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

- **i.** Corporate / Techniche Ltd undertaking a role in managing investments, Group intellectual property and undertaking overall direction of strategy including acquisitions and divestments
- **ii.** APAC is managed from the Techniche office in Milton, Australia and covers Asia and the Pacific
- **iii.** The Americas region is based in San Diego, California and is focused on selling and services customers in the North and south American region
- **iv.** EMEA is managed from the United Kingdom office in Milton Keynes and covers Europe, Middle East and Africa

The following is an analysis of the revenue and results for the periods ending 30 June 2020 and 30 June 2019, analysed by geographical region operating segments, which is Techniche Limited's primary basis of segmentation.

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

From 1 July 2019, 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 inter-segment 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 a 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 21. OPERATING SEGMENTS (CONTINUED)

Consolidated – 30 June 2020	TCN Corporate 2020 $	APAC 2020 $	Americas 2020 $	EMEA 2020 $	Total 2020 $
Revenue from IT services	-	2,989,904	2,034,045	5,609,074	10,633,022
Intra-segment sales	-	-	-	-	-
Inter-segment sales	4,410,520	923,028	897,930	1,295,329	7,526,806
Segment sales revenue	4,410,520	3,912,932	2,931,975	6,904,402	18,159,828
Interest & other income	71,369	72,829	46,084	11,285	201,567
Total segment revenue before elimination	4,481,888	3,985,761	2,978,059	6,915,688	18,361,395
Reconciliation of segment revenue to group revenue:					
Elimination entries for revenue on consolidation	(4,410,520)	(923,028)	(897,930)	(1,295,329)	(7,526,806)
Total revenue	71,369	3,062,733	2,080,129	5,620,359	10,834,589
Profit/(loss) with inter-segment charges	292,759	124,172	118,135	81,860	616,927
Income tax expense					(45,921)
Segment result after tax					571,006
Intra-group charges					-
Total contribution after tax					571,006
Total consolidated assets	14,003,108	293,032	949,720	4,088,267	19,334,127
Total consolidated liabilities	348,752	979,450	2,310,918	4,038,362	7,677,482

Tech:niche.

NOTE 21. OPERATING SEGMENTS (CONTINUED)

Consolidated – 30 June 2019	TCN Corporate 2019 $	APAC 2019 $	Americas 2019 $	EMEA 2019 $	Total 2019 $
Revenue from IT services	-	4,951,479	934,548	3,917,696	9,803,723
Intra-segment sales	-	-	-	-	-
Inter-segment sales	136,307	-	-	363,264	499,571
Segment sales revenue	136,307	4,951,479	934,548	4,280,961	10,303,294
Interest & other income	270,400	(39,169)	40,930	(18,412)	253,749
Total segment revenue before elimination	406,707	4,912,310	975,478	4,280,961	10,557,044
Reconciliation of segment revenue to group revenue:					
Elimination entries for revenue on consolidation	(326,040)	-	-	(363,264)	(689,304)
Total revenue	80,668	4,912,310	975,478	3,899,285	9,867,740
Profit/(loss) with inter-segment charges	(726,080)	(852,551)	320,008	170,396	(1,088,227)
Income tax expense	-	(353,007)	(49,383)	240,219	(162,171)
Segment result after tax	(726,080)	(1,205,558)	270,626	410,615	(1,250,398)
Intra-group charges					-
Total contribution after tax					(1,250,398)
Total consolidated assets	13,297,910	1,315,988	452,719	2,178,029	17,244,645
Total consolidated liabilities	157,448	3,075,285	281,767	2,548,578	6,063,079

NOTE 22. CASH-FLOW INFORMATION

	2020 $	2019 $
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:		
Cash at bank and on hand (Note 8)	**4,468,562**	2,355,523
Cash per statement of cash flows	**4,468,562**	2,355,523
b) Reconciliation of cash flows from operations with profit / (loss) after income tax		
Profit / (loss) after income tax	**571,006**	(1,250,398)
Non-cash flows in profit/(loss):		
Depreciation and amortisation	**591,527**	313,321
Unrealised foreign exchange (gains) / losses	**(88,164)**	(44,654)
Loss from sale of fixed asset	**-**	6,059
Finance expenses / (income)	**12,305**	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(68,661)**	114,613
(Increase)/decrease in other current assets	**66,517**	3,439
(Increase)/decrease in deferred tax assets	**-**	334,506
Decrease/(increase) in payables / unearned income	**1,247,280**	817,522
Decrease/(increase) in provisions	**(47,835)**	(483,802)
Decrease/(increase) in current tax liabilities	**107,350**	-
Cash flows from operations	**2,391,325**	(189,394)

NOTE 23. CONTINGENT LIABILITIES

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

NOTE 24. 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
- Inter entity fees are charged for the on-going development of centrally owned intellectual property
- Inter-entity fees are charged for the distribution of software products relating to the centrally owned intellectual property
- Some operating expenses are incurred centrally and recovered from other Group entities

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Key Management Personnel compensation

	2020	2019
	$	$
Short-term employee benefits	**1,323,378**	1,412,920
Post-employment benefits	**193,272**	223,358
	1,516,650	1,636,278

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

NOTE 25. 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.

	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	**4,468,562**	2,355,523
Trade and other receivables	**2,093,872**	2,025,212
Loan to associated entities	-	-
Other receivables from associated entities	-	-
	6,562,434	4,380,735
Financial liabilities		
Trade and other payables	**1,445,862**	549,197

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**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash and cash equivalents	0.0	0.0	**4,468,562**	2,355,523	-	-	**4,468,562**	2,355,523
Trade and other receivables	-	-	**2,093,872**	2,025,212	-	-	**2,093,872**	2,025,212
Other receivables from associated entities	-	-	-	-	-	-	-	-
			6,562,434	4,380,735	-	-	**6,562,434**	4,380,735
Financial Liabilities								
Trade and other payables	-	-	**1,138,254**	549,197	-	-	**1,138,254**	549,197
Lease Liabilities	-	-	**214,337**	-	**93,271**	-	**307,608**	-
			1,352,591	549,197	**93,271**	-	**1,445,862**	549,197
Net financial assets / (liabilities)			**5,209,843**	3,831,538	**(93,271)**	-	**5,116,572**	3,831,538

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Net financial assets / (liabilities) in AUD				
	AUD	**EURO**	**GBP**	**USD**	**Total AUD**
2020					
Functional currency of Group					
Australian Dollars	1,713,461	-	-	-	1,713,461
Great British Pounds	-	-	2,424,735	-	2,424,735
United States Dollars	-	-	-	330,366	330,366
Balance sheet exposure	1,713,461	-	2,424,735	330,366	4,468,562
Year-end exchange rate			0.5586	0.6863	
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			0.5535	0.7013	

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.

		2020	2019
		$	$
Cash and cash equivalents			
-	AA Rated	**4,138,451**	2,047,741
-	A Rated	**330,111**	307,782
		4,468,562	2,355,523

NOTE 25. 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		
2020	**30,220**	**30,220**
2019	43,412	43,412
Strengthening of AUD against other currencies by 10%		
2020	**(106,567)**	**118,560**
2019	21,003	(12,342)

NOTE 26. AFTER BALANCE DATE EVENTS

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

NOTE 27. NET CURRENT ASSET DEFICIENCY

As at 30 June 2020, the Group has reported a net current asset deficiency of $793,294 (30 June 2019: $1,402,858). However, the current liabilities include unearned income of $5,877,202 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 28. 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 32 to 65 are in accordance with the *Corporations Act 2001* including:
    a. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    b. giving a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Consolidated Group;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

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

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

Karl P Jacoby

Executive Chairman

Andrew Campbell

Director

Brisbane, 28 September 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 2020, 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 2020 and of its performance for the year ended on that date; and

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was 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 this matter. For the 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 2020, the Group has recorded intangible assets with a total carrying value of \$12.16 million (2019: \$12.47 million), consisting of intellectual property rights of \$5.37m, goodwill of \$4.72m, and software of \$2.07m, as disclosed in Note 13.
 	
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 in the value in use model, which include:
 	
• Period of cash flow forecasts included
• Terminal growth factor
• Discount rate
• Determination of cash generating units
 	
The carrying amount of intangibles is deemed a key audit matter due to:
 	
• intangible assets are significant to the Group (representing 64% of total assets);
• the level of judgement applied in evaluating management's assessment of impairment
	Our work included, but was not limited to, the following procedures:
	
	• assessing and challenging:
	  ○ the FY21 consolidated entity budget, including comparison to FY20 actuals;
	  ○ the assumptions used for the growth rate by comparing normalised average growth rates from FY19 to FY20 to the growth rate adopted in the impairment models;
	  ○ the key assumptions for long term growth in the forecast cash flows by comparing them to historical results; and
	  ○ the discount rate applied.
	• testing 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.

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 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 the 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 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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.

- 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.

- 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 consolidated entity financial report. We are responsible for the direction, supervision and performance of the consolidated entity up 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.

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, actions taken to eliminate threats or safeguards applied.

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 the 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 2020.

In our opinion, the remuneration report of Techniche Limited for the year ended 30 June 2020, 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 BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
28 SEPTEMBER 2020