Techniche Ltd
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Website www.tcnglobal.net
ABN 83 010 506 162

27 February 2018

The Manager
Australian Stock Exchange Limited
P O Box H224
AUSTRALIA SQUARE NSW 1215

Dear Sir,

Techniche Limited ABN 83 010 506 162 - ASX Code TCN

APPENDIX 4D – HALF YEAR REPORT

Techniche Limited "The Company" lodges herewith the above report including an Interim Financial Report prepared in accordance with *AASB 134 Interim Financial Reporting* for the half year to 31 December 2017 which has been subject to audit review.

Yours faithfully,
TECHNICHE LIMITED

Karl P. Jacoby
Executive Chairman

INTERIM FINANCIAL REPORT

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Results for Announcement to the Market

Key Information	Half-year to 31 December 2017 $	Half-year to 31 December 2016 $	Change $	Change %
Revenue from ordinary activities				
Wholly owned continuing subsidiaries	1,910,853	1,651,128	259,725	15.7%
Joint ventures	(102,448)	194,195	(296,643)	(152.8%)
Total Revenue from continuing operations	**1,808,405**	**1,845,323**	**(36,918)**	**(2.0%)**
Discontinued operations	754,503	1,662,449	(907,946)	(54.6%)
Interest income	6,362	11	6,351	57,736.4%
Total Group revenue	**2,569,270**	**3,507,783**	**(938,500)**	**(26.8%)**
Profit / (loss) after tax from:				
Continuing operations	(785,032)	(722,574)	(35,458)	(4.9%)
Discontinued operations	297,994	724,600	(426,606)	(58.9%)
Loss on disposal of discontinued operations	(602,224)	-	(602,224)	
Subtotal – total discontinued operations	(304,230)	724,600	(1,028,830)	
Profit /(loss) after tax from continuing and discontinued operations	**(1,089,262)**	**2,026**	**(1,091,288)**	
Net profit / (loss) attributable to members	**(1,089,262)**	**2,026**	**(1,091,288)**	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

The net loss attributable to members was recorded for the half year ended 31 December 2017, however this was impacted by a number of significant one-off expense items as indicated in the table below.

The normalised trading result after adjusting for these one-off items, shows an improvement in the underlying operating result from continuing operations for the half-year to 31 December 2017 to ($370,513) [half year to 31 December 2016: ($719,852)].

	31 December 2017 $	31 December 2016 $
Net profit / (loss) attributable to members	**(1,089,262)**	**2,026**
Add:		
Non-trading foreign exchange losses	26,890	2,722
Loss on sale of ERST	602,224	-
One-off costs associated with sale of ERST & strategic review of Urgent	249,438	-
Share of profit normalisation adjustments in Statseeker	138,191	-
Adjusted Net Operating Profit / (Loss) After Tax - continuing and discontinued operations	**(72,519)**	**4,748**
Less:		
Trading profit from ERST for three months to 30 September 2017 (six months to 31 December 2016)	(297,994)	(724,600)
Adjusted Net Operating Loss After Tax - continuing operations	**(370,513)**	**(719,852)**

INTERIM FINANCIAL REPORT

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Results for Announcement to the Market

Dividends (distributions)	**Amount per security**	**Franked amount per security**
2017 final dividend – paid 29th September 2017	0.35 cents	nil
On the 25th August 2017, the Company declared a dividend of $782,574 (0.35 cents per ordinary share). This dividend was unfranked and paid on 29 September 2017		
Record date for determining entitlement to the interim dividend		
No interim dividend has been declared		
Dividend Reinvestment Plans		
The Group does not have any dividend reinvestment plans in operation.		

NTA backing	**Current Period**	**Previous Corresponding Period**
Net tangible asset backing per ordinary security	4.17 cents	3.11 cents

Investment in Associates and Joint Ventures

Material investments in joint venture are as follows:	**Half year ended 31 December 2017**	**Half year ended 31 December 2016**
Network Monitoring Holdings Pty Ltd	50%	50%
As disclosed in the interim financial report, the consolidated entity has recognised an aggregated share of net loss from joint venture listed above amounting to $199,948for the half year ended 31st December 2017 [2016: profit of $96,695].		

Sale of subsidiary – ERST GmbH
The group disposed of its' 100% interest in ERST GmbH on 30 September 2017. ERST GmbH contributed $297,994 profit to the consolidated entity's loss from ordinary activities during the period. ERST GmbH reporting an operating profit for the half-year ended 31 December 2016 of $724,600.

Directors' Report

The Directors of Techniche Limited ("the Company") submit herewith the financial report for the half-year ended 31st December 2017 of the Consolidated Entity, being the Company and its controlled entities.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of Techniche Limited who held office at any time during or since the end of the half year are:

Karl Phillip Jacoby (Executive Chairman) (appointed 28 September 2017)
Bruce Ronald Scott
Andrew Campbell

Principal Activities

The principal activity of the Consolidated Entity during the half year was investing in and managing technology companies.

There has been no change in the business activities of investing in, providing funding to, and providing management assistance to wholly owned entities.

Review of Operations

Consolidated Entity

The Board of Techniche Limited are reporting a consolidated net loss after tax of from continuing and discontinued operations of $1,089,262 compared to a net profit after tax of $2,026 for the corresponding period last year. The net operating profit after tax (NOPAT) (excluding foreign exchange gains and significant one-off items) was a loss of $72,519 [2016: profit of $4,748]. However, the normalised operating result after excluding significant one-off items and discontinued operations showed an underlying improvement. The absence of these one-off items and seasonally stronger trading is expected to show an improved second half result.

	31 December 2017 $	31 December 2016 $
Profit /(loss) after tax from continuing and discontinued operation	**(1,089,262)**	**2,026**
Add:		
Non-trading foreign exchange losses	26,890	2,722
Loss on sale of ERST	602,224	-
One-off costs associated with sale of ERST & strategic review of Urgent	249,438	-
Share of profit normalisation adjustments in Statseeker	138,191	-
Adjusted Net Operating Profit / (Loss) After Tax - continuing and discontinued operations	**(72,519)**	**4,748**
Less:		
Trading profit from ERST for three months to 30 September 2017 (six months to 31 December 2016)	(297,994)	(724,600)
Adjusted Net Operating Loss After Tax - core / continuing operations	**(370,513)**	**(719,852)**

Consolidated Group revenue for the period was $2,569,270 [2016: $3,507,770] and was impacted by the sale of ERST (effective 30 September) and a lower share of joint ventures profits as Statseeker wrote off due diligence costs associated with an acquisition that did not proceed.

Net assets have decreased to $14,498,170 from $16,014,465 at the end of the last annual reporting period (30th June 2017) reflecting the operating loss activities for the period, the loss on sale incurred as a result of the sale of ERST and the payment of a dividend of $782,574 [2016: $782,574].

Directors' Report

The Company retained cash reserves of $5,921,311 at 31st December 2017 [30th June 2017: $4,131,886]. The increase was boosted by the settlement from the successful sale of ERST. The majority of funds relating to the sale were received during the reporting period and a small deferred component is due during the financial year ending 30 June 2019. Other effects on cash balances were from the payment of the annual dividend on 29 September 2017 and a seasonally low period for cash receipts from Urgent.

While this is a disappointing result, the underlying businesses are sound and are in a good position for future growth. The Company has recently announced the acquisition of the remaining 50% of shares in Statseeker that it does not already own and looks forward to working more closely with staff and management of Statseeker

The Techniche Strategy

Techniche is a listed Australian software company, giving our customers an edge.

Our strategy is to build on our core businesses Urgent & Statseeker.:

Both businesses are currently identifying value in our existing software, which could be utilised by both existing and new customers and can be deployed effectively through our growing channels to market. We have embarked on new ways of identifying customers of interest, as well as developing more propositions that give a sharper edge and capability.

This is intended to leverage off existing software capabilities that our business have developed. Initiatives that previously would have required acquisitions to accomplish, are in many cases now feasible through our own resources or partners due to the higher level of skill and reach capability built in over the past few years.

We are aiming for growth through:

- Organic growth – in our core markets and adjacent markets, through growing direct sales capability and channel partners.
- Acquisitions – to accelerate growth, broaden product offering and market reach.

Our focus is shifting to be more:

- Customer focussed – Our software help our customers improve their business performance.
- Software focussed – Our software solves identifiable problems, for now and in the future
- Global focussed – Our software has global application. They can be used almost anywhere in the world.

For our shareholders our focus is growing a sustainable scalable software business that grow earnings per share and shareholder value.

Urgent Technology Limited group ("Urgent")

Use of eMaintenance+, Urgent Technology's flagship maintenance and asset management software, continued to increase during the half year to 31 December 2017 with significant new customer take-up in Europe. The software is now used across 27 countries worldwide. eMaintenance+ has been implemented in sectors ranging from petro-retailing to aged care facilities and adds value to customers that own high volume, high value assets within their businesses and require maintenance and repair tasks to be carried out in the fastest and most cost-efficient way possible.

The company continued to transition from its prior dependency on project-based income to a regular, recurring Software-as-a-Service (SaaS) licence model, with revenues increasing by 15.7% for the half year to 31 December 2017 over the previous half year to 31 December 2016. Further revenue growth is anticipated as recently won new business is fully recognised and Urgent accelerates expansion of its' sales team and channel partners.

Techniche earns revenue from Urgent for management services and licence fees. The contribution generated by Urgent prior to the fees from Techniche improved from a loss of $379,949 to a profit of $37,574.

Directors' Report

Recently appointed UK-based CEO Paul Djuric is now working with the team to shape, lead and futureproof Urgent Technology's offering, whilst guiding the company through its next stage of development, by growing the company's customer footprint in its key markets and developing strategic sales channel and technology partner relationships.

For more information visit www.urgtech.com

Statseeker

Statseeker develops innovative network monitoring and diagnostic solutions for the IT enterprise and OT industrial market space. With active deployments in over 22 countries and many Fortune 100 firms, these companies trust Statseeker to deliver the fastest and most robust Networking solutions. Statseeker allows them to identify critical issues, isolate what needs work with confidence and fix problems instantly. Statseeker was founded in 1996 and has corporate offices in Brisbane, Australia, San Diego, California and a recent opening of a European sales and channel development office in Berlin, Germany.

Statseeker has been led by Frank Williams, who has been Statseekers' CEO since July 2015. Frank has decided to step down as Statseekers' CEO, however he will continue to work with the company as a US-based advisor and will continue to assist the Company in growing its markets in Nth America, as well as Europe. Frank will be replaced by Mr John Sirianni, who is currently Statseekers' COO and brings experience in developing and driving growth for innovative software, service and platform companies related to IoT, Cyber Security and Intelligent Autonomous networking systems.

Techniche's share of Statseeker's loss (Refer Note 2) was $199,948, which was a disappointing result compared to the same period last year [profit of $96,695]. This result was impacted by due diligence costs that were written off in relation to an acquisition that did not proceed and some one-off tax adjustments. The Techniche share of these adjustments was $138,191. The overall loss to the company, net of Techniche management costs and interest charges (Refer Note 2) was $102,448, which compares with the prior year profit of $194,195.

After the balance date of this report, Techniche completed a share sale agreement with NBC Capital (NBC) to purchase NBC's 50% shareholding of Statseeker (of which it currently owns the other 50% shareholding). The purchase was approved by shareholders of Techniche at a general meeting held on 23 January 2018 and has taken its ownership of Statseeker to 100%. The total purchase consideration was $3.5m which was paid from the Company's cash reserves and was structured $2.25m for the 50% equity in Statseeker and $1.25m to repay NBC for its' share of joint venture loans.

Statseeker is profitable and growing, and the recent strategic review undertaken by the Company highlighted that the Network Performance Monitoring and Management sector is a growing opportunity. Statseeker is unique in the industry for providing advanced anomaly detection, analytics, intelligence, and performance forecasting for operators of critical Networks.

Further information on Statseeker can be read at www.statseeker.com.

Group Management and Administration

Head office recorded a decrease in after tax profit due to a lower share of the profits from Statseeker and one-off costs associated with the sale of ERST and the strategic review of Urgent. Additionally, management and licence fee revenues from group investments declined following the sale of ERST.

Directors' Report

Independence Declaration of Auditor

There is no former partner or director of PKF Hacketts Audit, the Company's auditor, who is or was at any time during the half-year ended 31 December 2017 an officer of the Consolidated Entity.

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of this Directors' Report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors

K. P. Jacoby

Brisbane 27 February 2018

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been no contraventions of:

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

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

PKF Hacketts

PKF HACKETTS AUDIT

LIAM MURPHY
PARTNER

BRISBANE
DATE: 27 FEBRUARY 2018

PKF Hacketts Audit
ABN 33 873 151 348

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Consolidated Statement of Comprehensive Income

	Notes	Half year to 31 December 2017 $	Half year to 31 December 2016 $
Revenue from ordinary activities			
Revenue from wholly owned subsidiaries	2	**1,910,853**	1,651,128
Revenue from joint ventures	2	**(102,448)**	194,195
		1,808,405	1,845,323
Unrealized foreign exchange gain / (loss)		**(26,890)**	(2,722)
Other income		**6,362**	10
Expenses			
Auditor remuneration		**(40,783)**	(39,329)
Consulting fees		**(304,158)**	(59,502)
Infrastructure costs		**(259,377)**	(235,830)
Depreciation expense		**(19,724)**	(21,607)
Directors remuneration		**(79,562)**	(79,562)
Employee benefits expense		**(1,532,281)**	(1,727,382)
Insurance		**(42,710)**	(38,735)
Motor vehicle and travel expenses		**(80,556)**	(81,068)
Other expenses		**(74,078)**	(122,931)
Premises expenses		**(131,150)**	(127,518)
Share registry and listing fees		**(37,285)**	(42,153)
Profit / (Loss) before income tax		**(813,787)**	(733,005)
Income tax (expense) / benefit		**28,755**	10,431
Loss from Continuing Operations		**(785,032)**	(722,574)
Profit / (Loss) from Discontinued Operations	6	**(304,230)**	724,600
Profit / (loss) for the year attributable to the members of the parent entity		**(1,089,262)**	2,026
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**355,541**	(472,786)
Income tax relating to components of other comprehensive income		**-**	-
Other comprehensive income for the year		**355,541**	(472,786)
Total comprehensive income / (loss) attributable to members of the parent entity		**(733,721)**	(470,760)
Earnings per share from continuing & discontinued operations		**Cents**	Cents
Basic & diluted earnings (cents per share)		**(0.49)**	0.001
Earnings per share from continuing operations			
Basic & diluted earnings (cents per share)		**(0.35)**	(0.32)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

	Notes	As at 31 December 2017 $	As at 30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents		**5,921,311**	4,131,886
Trade and other receivables		**621,158**	745,633
Assets classified as held for resale	**6**	**-**	4,370,655
Other current assets		**186,785**	65,397
Total current assets		**6,729,254**	9,313,571
Non-current assets			
Investments in Joint Ventures	**3**	**1,712,320**	1,912,268
Loan to associated entities		**1,250,000**	1,250,000
Property, plant and equipment		**101,649**	110,054
Other long term receivables	**6**	**113,928**	-
Intangible assets	**4**	**5,175,091**	5,073,567
Total non-current assets		**8,352,988**	8,345,889
Total assets		**15,082,242**	17,659,460
LIABILITIES			
Current liabilities			
Trade and other payables		**231,554**	269,636
Unearned income		**263,720**	842,130
Current tax liabilities		**-**	1,102
Short term provisions		**88,798**	124,667
Liabilities classified as held for sale	**6**	**-**	407,461
Total current liabilities		**584,072**	1,644,996
Non-current liabilities			
Total non-current liabilities		**-**	-
Total liabilities		**584,072**	1,644,996
NET ASSETS		**14,498,170**	16,014,465
Equity			
Issued capital		**70,338,778**	70,338,778
Reserves		**(1,009,446)**	(1,364,987)
Accumulated losses		**(54,831,162)**	(52,959,326)
TOTAL EQUITY		**14,498,170**	16,014,465

The accompanying notes form part of these financial statements.

Consolidated Statements of Changes in Equity

	Ordinary shares	Retained earnings	FX translation reserve	Total
	$	$	$	$
Balance at 1 July 2016	**70,338,778**	**(53,032,904)**	**(965,221)**	**16,340,653**
Profit attributable to members of the parent entity	-	2,026	-	2,026
Total other comprehensive income	-	-	(472,786)	(472,786)
Sub total		2,026	(472,786)	(470,760)
Dividends paid or provided for	-	(782,574)	-	(782,574)
Balance at 31 December 2016	**70,338,778**	**(53,813,452)**	**(1,438,007)**	**15,087,319**
Balance at 1 July 2017	**70,338,778**	**(52,959,326)**	**(1,364,987)**	**16,014,465**
Profit attributable to members of the parent entity	-	(1,089,262)	-	(1,089,262)
Total other comprehensive income	-	-	355,541	355,541
Sub total		(1,089,262)	355,541	(733,721)
Dividends paid or provided for	-	(782,574)	-	(782,574)
Balance at 31 December 2017	**70,338,778**	**(54,831,162)**	**(1,009,446)**	**14,498,170**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

	Note	Half year to 31 December 2017 $	Half year to 31 December 2016 $
Cash flows from operating activities			
Receipts from customers		**1,853,946**	3,514,539
Payments to suppliers and employees		**(2,915,461)**	(4,126,681)
Other receipts from joint venture		**66,000**	66,000
Interest received from joint venture		**37,500**	37,500
Other Interest received		**6,362**	-
Income tax refund / (paid)		**-**	(217,150)
Net cash provided by (used in) operating activities		**(951,653)**	(725,792)
Cash flows from investing activities			
Proceeds from disposal of controlled entity		**3,335,045**	-
Purchase of plant and equipment		**(11,320)**	(5,245)
Repayment of related party loans		**-**	314,000
Net cash provided by (used in) investing activities		**3,323,725**	308,755
Cash flows from financing activities			
Dividends paid		**(782,573)**	(782,573)
Net cash provided by (used in) financing activities		**(782,573)**	(782,573)
Net increase (decrease) in cash held		**1,589,499**	(1,199,610)
Effects of functional currency exchange rate changes		**199,926**	(71,527)
Cash at the beginning of the half year		**4,131,886**	3,830,471
Cash at the end of the half year		**5,921,311**	2,559,334

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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

Techniche Limited is a public company incorporated and domiciled in Australia.

The interim financial statements were authorised for issue on 27 February 2018 by the directors of the Company.

Note 1. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Techniche Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

Accounting policies

The accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the year ended 30 June 2017.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Notes to the Financial Statements

Note 2. Revenue from ordinary activities

	Half year to 31 December 2017 $	Half year to 31 December 2016 $
Revenue from wholly owned subsidiaries		
Provision of IT services	**1,910,853**	1,651,128
Revenue from joint ventures		
Share of net loss of joint venture accounted for using the equity method	**(199,948)**	96,695
Management fee received from joint venture associate	**60,000**	60,000
Interest income on subordinated loan to joint venture associate	**37,500**	37,500
	(102,448)	194,195
Total revenue from ordinary activities	**1,808,405**	1,845,323

Note 3. Investment in Joint Venture

a. Information about investment in Joint Venture

Set out below is the joint arrangement of the Company as at 31 December 2017, which in the opinion of the directors are material to the Group:

Name of Associate	Classification of Joint Arrangement	Place of Business/ Country of Incorporation	Proportion of Ownership Interest/ Participating Share		Measurement at Equity Method or Fair Value
			As at 31 December 2017	As at 31 December 2016	
Network Monitoring Holdings Pty Ltd	Joint Venture	Australia	50%	50%	Equity method

Network Monitoring Holdings Pty Ltd and its' controlled entities (Network Monitoring Investments Pty Ltd, Statseeker Holdings Pty Ltd and Statseeker Pty Ltd), are proprietary limited companies and there is no quoted market price available for their ordinary shares.

Note 3. Investment in Joint Venture (continued)

b. Summarised financial information of Joint Venture

	Half year to 31 December 2017 $	Financial year ended 30 June 2017 $
Summarised Statement of financial position		
Cash & cash equivalents	**656,923**	590,708
Other current assets	**709,626**	1,335,599
Total current assets	**1,366,549**	1,926,307
Non-current assets	**8,295,280**	7,963,453
Other current liabilities	**3,737,187**	3,525,337
Total current liabilities	**3,737,187**	3,525,337
Non-current financial liabilities (excluding trade payables)	**2,500,000**	2,500,000
Other non-current liabilities	**-**	39,886
Total non-current liabilities	**2,500,000**	2,539,886
Net assets	**3,424,642**	3,824,537
Reconciliation of carrying amounts:		
Net assets at the beginning of the financial period	**3,824,537**	3,527,318
Contributions to joint venture during the year		
Profit/(loss) for the period	**(399,895)**	297,219
Other comprehensive income	**-**	-
Dividends paid	**-**	-
Carrying amount	**3,424,642**	3,428,537
Group's share in %	**50%**	50%
Group's share in $ (carrying value)	**1,712,321**	1,912,268

Summarised statement of profit or loss and other comprehensive income	Half year to 31 December 2017 $	Half year to 31 December 2016 $
Revenue	**2,614,612**	3,152,544
Interest income	**-**	1,515
Depreciation and amortisation	**(395,889)**	(361,923)
Interest expense	**(195,000)**	(195,000)
Income tax (expense)/benefit	**(91,256)**	108,421
Profit from continuing operations	**(399,896)**	193,390
Profit for the period	**(399,896)**	193,390
Group's share of Joint Venture net profit after tax (50%)	**(199,948)**	96,695

Note 4. Intangibles

	As at 31 December 2017 $	As at 30 June 2017 $
Intellectual property rights		
Carrying value	**5,175,091**	5,073,567
Total Intangible assets	**5,175,091**	5,073,567

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

Intellectual property rights		
Opening Balance	**5,073,567**	5,406,380
Foreign currency revaluation	**101,524**	(332,813)
Closing balance	**5,175,091**	5,073,567

Note 5. Contingent liabilities and contingent assets

There are no other contingent liabilities or contingent assets at the date of this interim consolidated financial report.

Note 6. Discontinued Operations

a) Summary of discontinued operations

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

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

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. The financial performance and cash flow information presented are for the three months ended 30 September 2017 (2017 column) and the half year ended 31 December 2016

b) Financial information from operations

	Half year to 31 December 2017 $	Half year to 31 December 2016 $
Financial Performance		
Revenue	**754,503**	1,662,449
Expenses	**(431,236)**	(828,770)
Profit before income tax	**323,267**	833,679
Income tax expenses	**(25,274)**	(109,079)
Profit after income tax of discontinued operation	**297,993**	724,600
Loss on sale of subsidiary after income tax (see (c) below)	**(602,223)**	-
Profit / (Loss) from discontinued operations	**(304,230)**	724,600
Cash Flows		
Net cash inflow from operations	**597,058**	689,428
Net cash inflow from investing activities (due to sale of company net of cash disposed)	**2,156,769**	-
Net cash inflow from financing activities	**-**	-
Net increase in cash generated by the subsidiary	**2,753,827**	689,428

Note 6. Discontinued Operations (continued)

c) Financial information from sale

	Half year to 31 December 2017	Half year to 31 December 2016
Details of the sale of the subsidiary	**$**	**$**
Gross Sale Proceeds received in cash	**3,335,045**	-
Deferred settlement	**112,646**	
Total disposal consideration	**3,447,691**	-
Carrying amount of net assets sold	**3,997,998**	-
Loss on sale of subsidiary before income tax	**(602,223)**	-
Income tax expense	-	-
Loss on sale of subsidiary after income tax	**(602,223)**	-

Notes to the Financial Statements

Note 7. Operating segments from continuing operations

	TCN Corporate		Urgent Group		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Provision of IT services	-	-	1,910,853	1,651,128	1,910,853	1,651,128
Intra-segment sales	-	-	-	8,637	-	8,637
Inter-segment sales	320,158	262,783	-	-	320,158	262,783
Segment sales revenue	320,158	262,783	1,910,853	1,659,765	2,231,011	1,922,548
Equity accounted profits of joint ventures	(199,948)	96,695	-		(199,948)	96,695
Other revenue	117,630	111,268	-	10	117,630	111,278
Total segment revenue before elimination	237,840	470,746	1,910,853	1,659,775	2,148,693	2,130,521
Reconciliation of segment revenue to group revenue:						
Elimination entries for revenue on consolidation					(333,926)	(285,189)
Total revenue					1,814,767	1,845,333
Profit/(loss) with inter-segment charges	(484,859)	(62,698)	(327,102)	(678,272)	(811,961)	(740,970)
Income tax expense	(3,820)	(3,379)	32,574	13,810	(28,754)	10,431
Segment result after tax	(488,679)	(66,077)	(294,528)	(664,462)	(783,207)	(730,539)
Intra-group charges					(1,825)	7,965
Total contribution after tax from continuing operations					(785,032)	(722,574)
Total contribution after tax from discontinued operations					(304,230)	724,600
Total contribution after tax					(1,089,262)	2,026
Segment assets	18,855,700	21,879,272	1,633,175	6,842,018	20,488,876	28,721,290
Assets classified as held for sale						4,370,655
Inter-segment elimination	(4,999,703)	(10,065,775)	(406,930)	(5,366,710)	(5,406,634)	(15,432,485)
Total consolidated assets	13,855,997	11,813,495	1,226,245	1,475,308	15,082,242	17,659,460
Segment liabilities	602,076	645,621	4,611,359	7,937,508	5,213,435	8,583,129
Liabilities classified as held for sale						407,461
Inter-segment elimination	(537,319)	(544,864)	(4,092,044)	(6,800,730)	(4,629,363)	(7,345,594)
Total consolidated liabilities	64,757	100,757	519,315	1,136,778	584,072	1,644,996

Note 8. Subsequent Events

On 8 December 2017 the company announced that it has executed a share sale agreement with NBC Capital (NBC) to purchase NBC's 50% shareholding of Network Monitoring Holdings Pty ltd ("Statseeker") (the Group currently owns the other 50% shareholding). The purchase was approved by shareholders at a general meeting held 23 January 2018 and has taken the Group's ownership of Statseeker to 100%. Total purchase consideration was $3.5m, paid from the Company's cash reserves.
The consideration paid is broken down as follows:

- $2.25m for the remaining 50% equity in Statseeker
- $1.25m to repay NBC for its share of joint venture loans

Statseeker is profitable and growing, and the recent strategic review undertaken by the Company highlighted that the Network Performance Monitoring and Management sector is a growing opportunity.
The acquisition of Statseeker was completed on 30 January 2018. As at the date of the Techniche interim financial report being authorised, the completion accounts from Statseeker were in the process of being finalised. As such, the value of any intangibles acquired is yet to be determined. Unaudited financial statements from Statseeker show the following values for asset and liability classes acquired as at 30 January 2018:

	Gross Book Value $000's
Cash and cash equivalents	**912**
Trade and other receivables	**767**
Current Assets	**1,679**
Intangible Assets	**7,374**
Fixed Assets	**77**
Other Non-current Assets	**493**
Non-current Assets	**7,944**
Total Assets	**9,623**
Trade and other payables	**105**
Unearned income	**2,793**
Other Current Liabilities	**400**
Current Liabilities	**3,298**
Loans & other payables owed to Techniche	**2,931**
Total liabilities	**6,229**
Net assets acquired	**3,394**

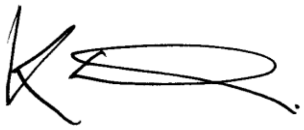
There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

Directors' Declaration

In accordance with a resolution of the directors of Techniche Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
    a. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



K P Jacoby
Director

Brisbane, 27 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF TECHNICHE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Techniche Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity, comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Techniche Limited is not in accordance with the Corporations Act 2001 including:-

(a) giving a true and fair view of the consolidated entity's the financial position as at 31 December 2017, and of its financial performance for the half-year ended on that date; and

(b) Complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

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

Directors' Responsibility for the Half-Year Financial Report

The directors' of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Techniche Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF HACKETTS

PKF HACKETTS

LIAM MURPHY
PARTNER

27 FEBRUARY 2018
BRISBANE