Techniche

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ABN 83 010 506 162

27 February 2019

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 a Condensed Consolidated Interim Financial Report prepared in accordance with *AASB 134 Interim Financial Reporting* for the half year to 31 December 2018 which has been subject to 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 2018

Results for Announcement to the Market

Key Information	Half-year to 31 December 2018 $	Half-year to 31 December 2017 (restated) $	Change $	Change %
Revenue from ordinary activities				
Wholly owned continuing subsidiaries	4,777,912	2,124,641	2,653,271	124.9%
Joint ventures	-	(102,448)	102,448	100.0%
Total Revenue from continuing operations	**4,777,912**	**2,022,193**	**2,755,719**	**136.3%**
Discontinued operations	-	754,503	(754,503)	(100.0%)
Interest income	13,872	6,362	7,510	118.0%
Total Group revenue	**4,791,784**	**2,783,058**	**2,008,726**	**72.2%**
Profit / (loss) after tax from:				
Continuing operations	27,290	(571,244)	812,322	
Discontinued operations	-	297,994	(297,994)	
Loss on disposal of discontinued operations	-	(602,224)	602,224	
Transfer from Foreign Currency Translation Reserve	-	(1,233,802)	1,233,802	
	-			
Subtotal – total discontinued operations	-	(1,538,032)	1,538,032	
Profit /(loss) after tax from continuing and discontinued operations	**27,290**	**(2,109,276)**	**2,136,566**	
Net profit / (loss) attributable to members	**27,290**	**(2,109,276)**	**2,136,566**	
Transfer from Foreign Currency Translation Reserve	**-**	**1,233,802**	**(1,233,802)**	
Other comprehensive income	**43,997**	**355,541**	**(355,541)**	
Total comprehensive income / (loss)	**71,287**	**(519,933)**	**591,220**	

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

The net profit attributable to members for the half year ended 31 December 2018 represented a significant improvement from the comparative which was impacted by a number of significant one-off expense items as previously reported.

Reported revenue from wholly owned subsidiaries has increased by 150%, however the comparative period does not include consolidated revenues from the Statseeker group of companies since the Techniche share of profits from the joint venture were equity accounted. The total revenue from Statseeker (of which Techniche were entitled to 50%) for the six months to December 2017 totalled $2,614,612. On a comparative "full-ownership" basis, total group revenue has increased by 0.8% with increases recorded in Urgent being offset by declines in Statseeker.

The Group has changed its' accounting policy for revenue recognition after implementing AASB 15 – Revenue from contracts with customers. This will mainly impact the recording of software licence fees in Urgent where they will be recognised over the period of the software being made available to customers rather than as invoiced. This will result in a more even distribution of revenues earned over the course of the year. The comparatives have been increased by $213,788 as a result of the change in policy.

As announced on 25 February 2019, the Financial Statements for the financial year ending 30 June 2018 have been restated. The comparative half to 31 December 2017 should have reflected a transfer from the Foreign Currency Translation Reserve in the determination of the total loss on deconsolidation to the Group from the sale of ERST business as at 30 September 2017. There was a further $538,672 expense restated in the second half as a result of an assessment of the Deferred Tax Assets acquired as part of the Statseeker Group. Refer to note 11 of the Interim Financial Report for the half year ended 31 December 2018 for further explanation.

INTERIM FINANCIAL REPORT

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Dividend Information

Dividends (distributions)	Amount per security	Franked amount per security
2018 final dividend	nil	nil
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	(0.05) cents	4.17 cents

Investment in Associates and Joint Ventures

Material investments in joint venture are as follows:	Half year ended 31 December 2018	Half year ended 31 December 2017
Network Monitoring Holdings Pty Ltd	Nil	50%
On 30 January 2018 the Group completed a purchase of the remaining 50% of Network Monitoring Holdings Pty Ltd, resulting in 100% ownership. Accordingly, Network Monitoring Holdings Pty Ltd (and its controlled entities) have been consolidated into the Group from this date onwards as disclosed in the annual report of the Group for the year ended 30 June 2018.		

Directors' Report

The Directors of Techniche Limited ("the Company") submit herewith the financial report for the half-year ended 31st December 2018 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)
Andrew Campbell
Anastasia Ellerby (appointed 1 July 2018)
Mark Gill (appointed 1 July 2018)

Principal Activities

The principal activity of the Consolidated Entity during the half year was the development and distribution of software.

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 profit after tax of from continuing and discontinued operations of $27,290 compared to a net loss after tax of $2,109,276 for the corresponding period last year. The net operating profit after tax (NOPAT) (excluding foreign exchange gains and significant one-off items) was a profit of $12,727 [2017: loss of $72,519].

Consolidated Group revenue from wholly owned subsidiaries for the period was $4,777,912 [2017: $2,124,641] however the current period includes a full half year of revenue from Statseeker as a consolidated subsidiary. In the comparative period, Statseeker was held as a non-controlled joint venture and its' net profit after tax was equity accounted.

Net assets have decreased to $12,527,281 from $12,828,497 at the end of the last annual reporting period (30th June 2018) reflecting $372,502 incurred since 30 June 2018 on the successful completion of the share buyback. In total the Company purchased 12,873,327 shares at an average price of 3.88cps for total outlay of $500,000. This represents 5.8% of the Company's issued share capital. The Company is not considering a further buyback at this stage.

The Company retained cash reserves of $1,648,554 at 31st December 2018 [30th June 2018: $3,115,672]. The decrease was attributed to completion of the share buyback and the cost of restructuring the Statseeker business.

Directors' Report

The Techniche Strategy

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

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

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

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

Urgent Technology Limited group ("Urgent")

Use of eMaintenance+, Urgent's flagship maintenance and asset management software, continued to increase during the half year to 31 December 2018 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.

Paul Djuric was appointed CEO in January 2018. Paul, who was previously COO, has continued the transition to a Software as a Service (SaaS)-style business model. Paul has been with Urgent Technology since 2014 and has a strong understanding of the sector, having previously held a range of management roles in the CAFM/CMMS industry over a 13-year period.

Key milestones include:

- Continued transformation to a product-focused, SaaS-based maintenance software company;
- Continued focus on our core target customer segment of multi-unit petrol-retailing in which we are an acknowledged market leader;
- Created a professional services team to deliver Consultancy, Training, Project management and Business Analysis services;
- Significant developments within the marketing department with a clear focus to increase lead generation;
    - Persona studies on targeted audience has been completed;
    - New website (to be launched Q2 2019);
    - Automated in-bound marketing implemented and operating to good effect;
    - New Case studies, sales collateral and proposal documents have been created;
    - Brand Key. Undertaken desk research, internal stakeholder workshops and external stakeholder interviews, to identify unique insights, common themes and creative territories that we can own, in order to build our own Urgent Technology Brand Key;
    - New visual identity (to be launched Q2 2019);
- Full market review has been completed by external consultant which is being feed into the product roadmap and future sales & marketing strategy.

For more information visit www.urgtech.com

Directors' Report

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 offices in Brisbane, Australia, San Diego, California, Milton Keynes UK and Berlin, Germany.

Statseeker has been led by John Sirianni , who brings experience in developing and driving growth for innovative software, service and platform companies related to IoT, Cyber Security and Intelligent Autonomous networking systems.

Following the 30 January 2018 acquisition of the remaining 50% of shares in Statseeker that it does not already own, the Company has restructured the business and invested in sales, marketing and the software development team in Brisbane to accelerate product development initiatives. Early indications of customer retention and revenue increases are promising.

Key Milestones

- Accelerated our progress from a perpetual software sales licensing model toward a Subscription based model
- ACI Monitoring capability in production release
- Product enhancements delivered in new release which enable inter-operation with a broader range of downstream IT management tools.
- Chief Technology Officer hired
- Product Roadmap enhanced. Added development staff
- Updated website to better align with targeted segments
- Continued expansion in distribution and reseller channel
- Greater investment in sales enabling and marketing tools

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

Group Management and Administration

Techniche have consolidated their office space requirements by moving with the Brisbane Statseeker team into new facilities based at Milton. This has resulted in net savings to the Company while offering the team better facilities.

Directors' Report

Independence Declaration of Auditor

There is no former partner or director of PKF Brisbane, the Company's auditor, who is or was at any time during the half-year ended 31 December 2018 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 8 and forms part of this Directors' Report for the half-year ended 31 December 2018.

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 2019

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
Partner

Brisbane
Date: 27 February 2019

PKF Brisbane Audit
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Condensed Consolidated Statement of Comprehensive Income

	Notes	Half year to 31 December 2018	Half year to 31 December 2017[1] (restated)
		$	**$**
Continuing operations			
Revenue from ordinary activities			
Revenue from wholly owned subsidiaries	**2**	**4,777,912**	2,124,641
Revenue from joint ventures	**2**	**-**	(102,448)
		4,777,912	2,022,193
Unrealized foreign exchange gain / (loss)		**14,563**	(26,890)
Other income		**13,872**	6,362
Expenses			
Auditor remuneration		**(65,333)**	(40,783)
Consulting fees		**(262,157)**	(304,158)
Infrastructure costs		**(305,773)**	(259,377)
Depreciation & amortisation expense		**(163,487)**	(19,724)
Directors remuneration		**(99,452)**	(79,562)
Employee benefits expense		**(2,886,247)**	(1,532,281)
Insurance		**(60,452)**	(42,710)
Travel expenses		**(140,213)**	(80,556)
Premises expenses		**(237,870)**	(131,150)
Sales & Marketing		**(325,224)**	-
Share registry and listing fees		**(24,474)**	(37,285)
Other expenses		**(208,871)**	(74,078)
Profit / (Loss) before income tax		**26,795**	(599,999)
Income tax (expense) / benefit		**495**	28,755
Profit / (Loss) from Continuing Operations[1]		**27,290**	(571,244)
Profit / (Loss) from Discontinued Operations[2]	**6**	**-**	(1,538,032)
Profit / (loss) for the year attributable to the members of the parent entity		**27,290**	(2,109,276)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**43,997**	1,589,343
Other comprehensive income for the half year		**43,997**	1,589,343
Total comprehensive income / (loss) attributable to members of the parent entity		**71,287**	(519,933)
Earnings (loss) per share from continuing & discontinued operations		**Cents**	Cents
Basic & diluted earnings (cents per share)		**0.01**	(0.39)
Earnings (loss) per share from continuing operations			
Basic & diluted earnings (cents per share)		**0.01**	(0.26)

1. *Reclassified and remeasured amounts due to introduction of AASB15– see note 11 a) for explanations*
2. *Reclassified and remeasured amounts due to restatements from errors in prior year – see note 11 b) for explanations*

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

	Notes	As at 31 December 2018 $	As at 30 June 2018[1,2] (restated) $
ASSETS			
Current assets			
Cash and cash equivalents		**1,648,554**	3,115,672
Trade and other receivables		**1,091,398**	2,139,825
Other current assets		**1,013,814**	249,553
Total current assets		**3,753,766**	5,505,050
Non-current assets			
Property, plant and equipment		**137,642**	146,284
Deferred tax asset[2]	**11a)**	**294,026**	284,600
Intangible assets	**5**	**12,628,794**	12,633,843
Total non-current assets		**13,060,462**	13,064,727
Total assets		**16,814,228**	18,569,777
LIABILITIES			
Current liabilities			
Trade and other payables		**685,134**	728,485
Unearned income[1]		**3,242,923**	4,222,169
Current tax liabilities		**11,279**	5,659
Short term provisions		**302,190**	748,652
Total current liabilities		**4,241,526**	5,704,965
Non-current liabilities			
Long term provisions		**45,421**	36,315
Total non-current liabilities		**45,421**	36,315
Total liabilities		**4,286,947**	5,741,280
NET ASSETS		**12,527,281**	12,828,497
Equity			
Issued capital	**10**	**69,838,778**	70,211,280
Reserves[1,2]		**517,699**	473,702
Accumulated losses		**(57,829,196)**	(57,856,485)
TOTAL EQUITY		**12,527,281**	12,828,497

1. *Reclassified and remeasured amounts due to introduction of AASB15– see note 11 a) for explanations*
2. *Reclassified and remeasured amounts due to restatements from errors in prior year – see note 11 b) for explanations*

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

	Notes	Ordinary shares $	Retained earnings[1,2] $	FX translation reserve[2] $	Total $
Balance at 1 July 2017		**70,338,778**	**(52,959,326)**	**(1,364,987)**	**16,014,465**
Loss attributable to members of the parent entity, restated	11	-	(2,109,276)	-	(2,109,276)
Total other comprehensive income, restated	11	-	-	1,589,343	1,589,343
Sub total			(2,109,276)	1,589,343	(519,933)
Transactions with owners in their capacity as owners					
Dividends paid or provided for	9	-	(782,574)	-	(782,574)
Balance at 31 December 2017, restated		**70,338,778**	**(55,851,176)**	**224,356**	**14,711,958**
Balance at 1 July 2018, restated	11	**70,211,280**	**(57,856,486)**	**473,702**	**12,828,496**
Profit attributable to members of the parent entity		-	27,290	-	27,290
Total other comprehensive income		-	-	43,997	43,997
Sub total		-	27,290	43,997	71,287
Transactions with owners in their capacity as owners					
Share capital reduction		(372,502)	-	-	(372,502)
Dividends paid or provided for	9	-	-	-	-
Balance at 31 December 2018		**69,838,778**	**(57,829,196)**	**517,699**	**12,527,281**

1. *Reclassified and remeasured amounts due to introduction of AASB15– see note 11 a) for explanations*
2. *Reclassified and remeasured amounts due to restatements from errors in prior year – see note 11 b) for explanations*

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

	Note	Half year to 31 December 2018 $	Half year to 31 December 2017 $
Cash flows from operating activities			
Receipts from customers		**4,076,504**	1,853,946
Payments to suppliers and employees		**(5,105,888)**	(2,915,461)
Other receipts from joint venture		**-**	66,000
Interest received from joint venture		**-**	37,500
Other Interest received		**13,872**	6,362
Income tax refund / (paid)		**(11,081)**	-
Net cash provided by (used in) operating activities		**(1,026,593)**	(951,653)
Cash flows from investing activities			
Proceeds from disposal of controlled entity		**-**	3,335,045
Purchase of plant and equipment		**(107,035)**	(11,320)
Repayment of related party loans		**-**	-
Net cash provided by (used in) investing activities		**(107,035)**	3,323,725
Cash flows from financing activities			
Issued capital bought back		**(372,502)**	**-**
Dividends paid	9	**-**	(782,573)
Net cash provided by (used in) financing activities		**(372,502)**	(782,573)
Net increase (decrease) in cash held		**(1,506,130)**	1,589,499
Effects of functional currency exchange rate changes on cash and cash equivalents		**39,012**	199,926
Cash and cash equivalents at the beginning of the half year		**3,115,672**	4,131,886
Cash and cash equivalents at the end of the half year		**1,648,554**	5,921,311

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

These condensed 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 2019 by the directors of the Company.

Note 1. Summary of significant accounting policies

Basis of preparation

These general purpose condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2018 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 condensed consolidated 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 2018, together with any public announcements made during the following half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Comparative figures have been adjusted to conform with changes in presentation for the current financial period.

Significant Accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed consolidated interim financial report are consistent with those adopted and disclosed in the Company's 2018 annual financial report for the year ended 30 June 2018 and the adoption of new and amended standards as set out below:

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

AASB 15: Revenue from Contracts with Customers
The Group has adopted AASB 15: Revenue from Contracts with Customers with a date of initial application of 1 July 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The recognition of software licence revenue in Urgent Technology will be on a straight-line basis. This will not have a material impact on annual revenue recognised, however it will reduce the current seasonality bias experienced in the second half of the financial year from this type of revenue. Fees from the sale of software sold on a downloaded perpetual basis by Statseeker will continue to be recognised when invoiced. The impact of the change in policy is outlined in note 11 (a).

AASB 9: Financial Instruments
The Group has adopted AASB 9 Financial Instruments with a date of initial application of 1 January 2018. No impact is shown for AASB 9 as the directors assessed that there is no material difference in the result of the Group between applying AASB 139 and AASB 9.

Notes to the Financial Statements

Impact of standards issued but not yet applied by the group

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit or loss and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for first periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

Amended policy relating to accounting for intangible assets

The Group will only recognise intangible assets where it is probable that there will be future economic benefits that are attributed to the asset that flow to the entity owning the asset and the cost can be measured reliably. Intangible assets will be assessed as to whether they have infinite or a finite life.

Where an infinite life is determined, this will be reassessed and tested for impairment annually. Where a finite life has been determined, an estimate of the useful life and pattern of use will be used to amortise the asset over that life based on the expected pattern of use.

The Group has the following types of intangible assets and has determined the following policies:

- **Core Software** – the asset will typically be maintained by work which may not qualify to be individually capitalised however may extend the useful life of the core software. The useful life of core software is estimated to be 10 years and as the pattern of use is expected to be even across this time, the straight-line method is used.
- **Capitalised Software Development** - Projects for the development of software that qualify to be capitalised will only start being amortised once the software is completed. The typical useful life of capitalised software development will be determined at project completion and estimated to be 3-5 years. As the pattern of use is expected to be even across this time, the straight-line method will be used.
- **Goodwill** - regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets such as goodwill that have an indefinite useful life are to be assessed for impairment by comparing its recoverable amount against the carrying amount either annually or whenever there is an indication that the intangible asset may be impaired (AASB 136 - Impairment of Assets). The assumptions relating to the indefinite useful life are to be assessed annually and if necessary changed in accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors
- **Intellectual Property Rights** - Intellectual Property Rights were recognised in relation to the acquisition of the Urgent Technology business in 2010. The nature of the intangible asset was regarded as Urgent's right to use IP (software) for the purpose of meeting customer needs.
  Since the maintenance of the core software were being expensed, it was determined that the IP Rights (to use the software) did not have a finite useful life pursuant to AASB 138 – Intangible Assets. This meant that the IP Rights are not amortised to profit or loss and assessed at least annually whether there has been any impairment to its' carrying value.
- **Website Costs** - Costs incurred in the course of preparing the web site to operate in the manner intended by management, and the web site meets the recognition criteria in AASB 138.21 and AASB 138.57(a) will generally be eligible to be capitalised and will be amortised once the website is complete and is operational. The Group will apply a three-year life to website costs

Notes to the Financial Statements

Note 2. Revenue from ordinary activities

	Half year to 31 December 2018 $	Half year to 31 December 2017 (restated) $
Continuing operations		
Revenue from contracts with customers [1]		
Provision of IT services	**4,777,912**	2,124,641
Revenue from joint ventures [*1]		
Share of net loss of joint venture accounted for using the equity method (Note 3)	**-**	(199,948)
Management fee received from joint venture associate	**-**	60,000
Interest income on subordinated loan to joint venture associate	**-**	37,500
	-	(102,448)
Total revenue from ordinary activities	**4,777,912**	2,022,193

[1] Revenue from Statseeker has been included in the revenue from wholly owned subsidiaries in the current reporting period resulting from the purchase of the remaining 50% shareholdings on 30 January 2018.

Note 3. Investment in Joint Venture

As outlined in Note 2 above, on 30 January 2018 the Group completed a purchase of the remaining 50% of Network Monitoring Holdings Pty Ltd, resulting in 100% ownership. Accordingly, Network Monitoring Holdings Pty Ltd (and its controlled entities) have been consolidated into the Group from this date onwards as disclosed in the annual report of the Group for the year ended 30 June 2018.

Note 4. Contingent liabilities and contingent assets

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

Notes to the Financial Statements

Note 5. Intangibles

	As at 31 December 2018 $	As at 30 June 2018 $
Intellectual property rights		
Carrying value	**5,392,774**	5,324,814
	5,392,774	5,324,814
Goodwill		
Goodwill acquired	**4,722,851**	4,155,124
Provisional Goodwill	**-**	1,091,166
	4,722,851	5,246,290
Software / Source Code		
Software / Source Code – at cost	**2,561,848**	2,062,669
Accumulated depreciation	**(128,999)**	-
	2,432,849	2,062,669
Other Intangibles		
Carrying value	**80,320**	70
	80,320	70
Total Intangible assets	**12,628,794**	12,633,843

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

Intellectual property rights		
Opening Balance	**5,175,091**	5,073,568
Foreign currency revaluation	**217,683**	251,246
Closing balance	**5,392,774**	5,324,814
Goodwill		
Opening Balance	**5,246,290**	4,155,124
Provisional goodwill attributed to software (refer to note 12)	**(523,439)**	1,091,166
Closing balance	**4,722,851**	5,246,290
Software / Source Code		
Opening Balance	**2,062,669**	-
Software acquired	**-**	3,214,008
Capitalised software development since 30 January 2018	**-**	336,030
Amortisation	**(153,259)**	(329,721)
Impairment	**-**	(1,157,648)
Provisional goodwill attributed to software (refer to note 12)	**523,439**	-
Closing balance	**2,432,849**	2,062,669
Other Intangibles		
Opening Balance	**70**	70
Other intangibles acquired	**80,250**	-
Closing balance	**80,320**	70
TOTAL	**12,628,794**	12,633,843

Notes to the Financial Statements

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 comparative 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 presented in the comparatives are for the three months ended 30 September 2017 (Half year to 31 December 2017 column) .

b) Financial information from operations

Financial Performance	**Half year to 31 December 2018 $**	**Half year to 31 December 2017 $**
Revenue	-	754,503
Expenses	-	(431,236)
Profit before income tax	-	323,267
Income tax expenses	-	(25,274)
Profit after income tax of discontinued operation	-	297,993
Loss on sale of subsidiary after income tax		(602,223)
Transfer of foreign currency translation reserve [1]	-	(1,233,802)
Profit / (Loss) from discontinued operations	-	(1,538,032)

1. *Reclassified and remeasured amounts due to restatements from errors in prior year – see note 11 b) for explanations*

Notes to the Financial Statements

Note 7. Operating segments from continuing operations

	TCN Corporate		Urgent Group		Statseeker Group		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Provision of IT services	-	-	2,326,364	1,910,853	2,451,548	-	4,777,912	2,124,641
Intra-segment sales	-	-	222,871	-	1,692,122	-	1,914,994	-
Inter-segment sales	120,000	320,158	-	-	-	-	120,000	320,158
Segment sales revenue	120,000	320,158	2,549,235	1,910,853	4,143,670	-	6,812,906	2,444,799
Equity accounted profits of joint ventures	-	(199,948)	-	-	-		-	(199,948)
Other revenue	108,850	117,630	-	-	-	-	108,850	117,630
Total segment revenue before elimination	228,850	237,840	2,549,235	1,910,853	4,143,670	-	6,921,756	2,362,481
Reconciliation of segment revenue to group revenue:								
Elimination entries for revenue on consolidation							(2,129,972)	(333,926)
Total revenue							4,791,784	2,028,555
Profit/(loss) with inter-segment charges	(183,556)	(484,859)	168,652	(327,102)	42,738	-	27,834	(598,173)
Income tax expense	-	(3,820)	-	32,574	495	-	495	28,754
Segment result after tax	(183,556)	(488,679)	168,652	(294,528)	43,233	-	28,329	(569,419)
Intra-group charges							(1,039)	(1,825)
Total contribution after tax from continuing operations							27,290	(571,244)
Total contribution after tax from discontinued operations							-	(1,538,032)
Total contribution after tax							27,290	(2,109,276)
Segment assets	16,000,134	17,049,457	6,614,928	2,684,600	3,672,844	8,723,911	26,287,906	28,457,968
Inter-segment elimination	(9,455,547)	(8,861,948)	-	(487,571)	-	-	(9,455,547)	(9,349,519)
Total consolidated assets	6,544,587	8,187,509	6,614,928	2,197,029	3,672,844	8,723,911	16,832,358	19,408,449
Segment liabilities	140,972	776,517	2,531,956	3,515,550	6,126,170	6,345,242	8,799,098	10,637,309
Inter-segment elimination	(142)	(576,508)	(1,673,013)	(2,115,405)	(2,838,996)	(2,822,405)	(4,512,150)	(5,514,318)
Total consolidated liabilities	140,830	200,009	858,943	1,400,145	3,287,174	3,522,837	4,286,948	5,122,991

Notes to the Financial Statements

Note 8. Subsequent Events

There are no matters or circumstances which 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 9. Dividends

No dividend was paid or declared during the reporting period.

Note 10. Issued capital

	31 December 2018 Number	31 December 2018 $
a) Ordinary shares		
At the beginning of the reporting period	220,224,305	70,211,280
Shares bought back during the period (i)	(9,504,976)	(372,502)
At reporting date	210,719,329	69,838,778
Fully paid	210,719,329	69,838,778

The Company announced on 9 April 2018 that it was commencing an on-market share buy-back for up to $500,000 worth of the Company's shares for a period of up to 12 months. On 21 December 2018 the Company announced that the share buy-back was successfully completed with 12,873,327 shares purchased at an average price of 3.88 cents/share

Note 11. Restatement of Financial Statements

a) Change in policy relating to introduction of AASB 15 – Revenue from contracts with customers:

As a result of implementing AASB 15 – Revenue from contracts with customers, the Company has restated some opening balances and the recognised income associated with licence fee revenue earned by the Urgent Technology Group of companies. Details of the restated accounts appear below:

b) Restatement due to errors in a prior period

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

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

Notes to the Financial Statements

Note 11. Restatement of Financial Statements (Continued)

	Reported at 30 June 2018 $	a) AASB 15 Restatement $	b) (i) Error Restatement $	b) (ii) Error Restatement $	Revised 30 June 2018 $
ASSETS					
Total assets	**19,108,449**	-	(538,672)	-	**18,569,777**
LIABILITIES					
Total liabilities	**5,122,991**	618,289	-	-	**5,741,280**
NET ASSETS	**13,985,458**	-	-	-	**12,828,497**
Equity					
Issued capital	**70,211,280**	-	-	-	**70,211,280**
Reserves	**(760,100)**	-	-	1,233,802	**473,702**
Accumulated losses	**(55,465,722)**	(618,289)	(538,672)	(1,233,802)	**(57,856,485)**
TOTAL EQUITY	**13,985,458**	-	-	-	**12,828,497**

	Reported at 31 December 2017 $	a) AASB 15 Restatement $	b) (i) Error Restatement $	b) (ii) Error Restatement $	Revised 31 December 2017 $
Profit / (Loss) from Continuing Operations	**(785,032)**	213,788	-	-	**(571,244)**
Profit / (Loss) from Discontinued Operations	**(304,230)**	-	-	(1,233,802)	**(1,538,032)**
Profit / (Loss) for the year attributable to members of the parent entity	**(1,089,262)**	-	-	-	**(2,109,276)**
Other comprehensive income for the year	**355,541**	-	-	1,233,802	**1,589,343**
Total comprehensive income / (loss) attributable to members of the parent entity	**(733,721)**	-	-	-	**(519,933)**

Note 12: Business combination

On 30 January 2018, the parent entity acquired a further 50% interest in and control of Network Monitoring Holdings Pty Ltd and its subsidiaries (“Statseeker”), having previously held a 50% interest. At the time of the acquisition an amount of $1,091,166 was recorded as Provisional Goodwill pending the completion of Purchase Price Allocation report which was required to allocate the purchase price to classes of identifiable assets. Following the completion of the Purchase Price Allocation report within the measurement period it has been determined that the Core Software is to be uplifted by $523,439 and the balance of the Provisional Goodwill to be retained in Goodwill. The allocation of the Provisional Goodwill is now final.

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 20 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 2018 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 2019

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 2018, and 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 consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial 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 financial position as at 31 December 2018, 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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Emphasis of matter

Without modification to our conclusion, we draw attention to the matters outlined in Note 11 to the financial report describing the circumstances giving rise to restatements of financial information in prior periods. We confirm that in forming our review conclusion outlined above, our procedures included consideration of this information.

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 Monday, 31 December 2018 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

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

27 FEBRUARY 2019
BRISBANE