



Techniche Limited

For the year ended 30 June 2016

Techniche Limited (ABN 83 010 506 162) and its Controlled Entities

BRISBANE, Australia, August 25, 2016

Details of reporting period:

Current reporting period: 1 July 2015 – 30 June 2016

Prior corresponding period 1 July 2014 – 30 June 2015

Results announcement to the market:

A\$'000	For the Year Ended		Movement	
	June 30, 2016	June 30, 2015	\$	%
Revenue from ordinary activities	9,182	9,252	(70)	(0.7)
Profit attributable to members for the year	998	2,907	(1,909)	(65.7)
Operating profit¹	1,584	2,191	(607)	(27.7)

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for unrealised movements in foreign exchange. The Directors consider operating profit to reflect the core earnings of the Company. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

Cents per share	For the Year Ended		Movement	
	June 30, 2016	June 30, 2015	\$	%
Earnings per share – Basic and Diluted	0.45	1.30	(0.85)	(65.7)
Operating profit per share	0.71	0.98	(0.27)	(27.7)

Dividends:

The Company is pleased to announce it intends to pay a dividend of 0.35 cents per share on 30 September 2016. The dividend will be unfranked and the record date for determining entitlements to this dividend is 9 September 2016.

Net Tangible Assets:

Techniche net tangible assets (NTA) increased by 7.6% during the 2016 financial year from \$7,265,088 to \$7,814,022. Accordingly, the NTA backing per ordinary share increased from 3.25 cents to 3.49 cents.

Also during the year, a dividend of \$1,095,604 was paid to shareholders. The cash held at the end of the financial year decreased by \$483,460 from \$4,313,931 to \$3,830,471.



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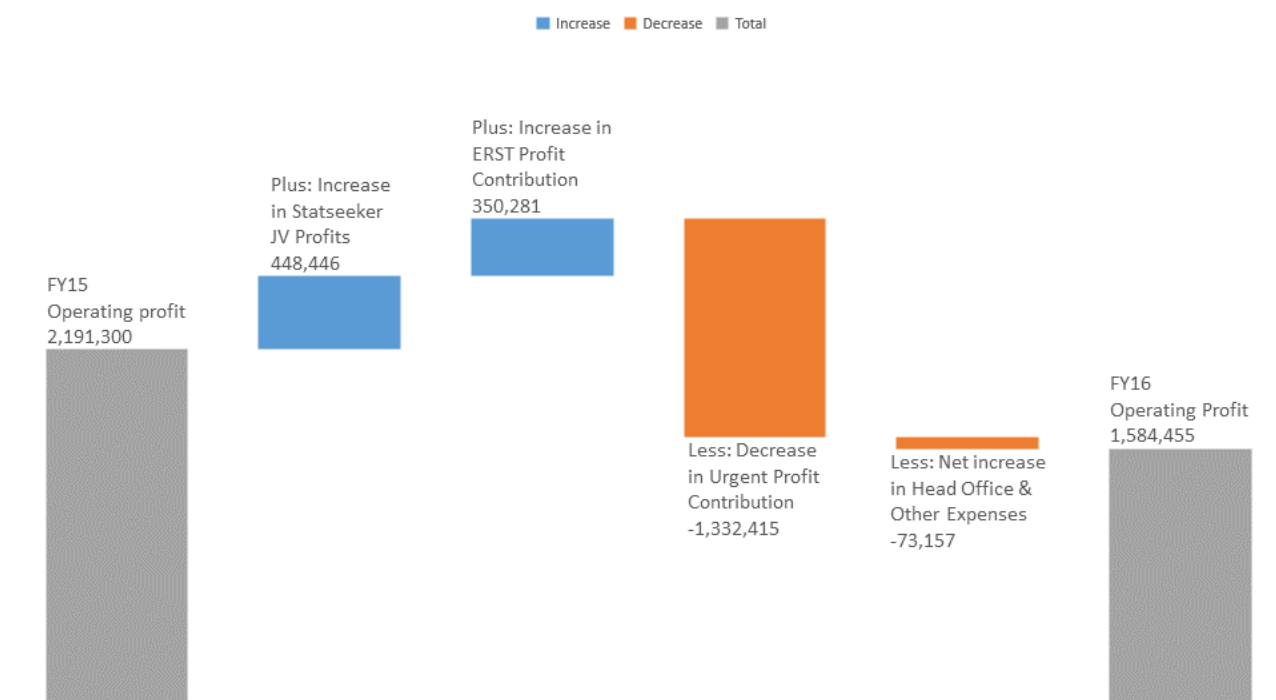
Commentary:

This was a disappointing year financially for Techniche in which Operating profit fell by approximately 28% to \$1,584,455 (2015: \$2,191,300) which partially eroded the strong gains made in recent years. However, our operating profit margin is healthy at 18% and our cash and balance sheet position remain sound and we continue to hold a positive outlook for the future.

“During the year we experienced some short-term challenges which were reflected in our 2016 results. However, our solid capital base, investment in new management capability and the underlying quality of our portfolio positions the Company for a return to profitable growth in 2017 and, importantly, a pathway to achieving critical mass as a listed company in the medium term.” said Karl Jacoby, Techniche Chairman.

As you can see from the chart below, the main contributor to this weaker result was the marked deterioration in performance by Urgent Technology which more than offset the otherwise encouraging profit growth across the rest of our portfolio leading to an overall reduction in earnings.

Techniche Year-on-Year Profit Variance





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The Urgent result was triggered by a decline in revenue (down 17% to \$4.8M) along with significant one-off costs (~\$250K) associated with the management restructure. The drop in revenue occurred as fees associated with the multi-year, multi-million dollar BP project, which swelled results in FY14 & FY15, did not carry over into the current period and were not adequately replaced by other new project-based or recurring revenue streams. As a result, Urgent recorded a small negative contribution for the period.

During the period, Urgent completed the rebuild of its flagship eMaintenance product and it has now bolstered its sales and marketing capability with the appointment of dedicated resources and increased campaign spending.

These initiatives, allied with a sharper strategic focus, have been reflected in an improved sales pipeline. However, this is not expected to have a material impact on its financial results until the second half of the 2017 fiscal year.

“Urgent has been through a challenging period but is now emerging from that transformation process as a leaner, stronger and more focused business striving aggressively, and well-positioned, to become the market leader in the provision of maintenance software solutions to the petroleum retailing industry,” said David Nelson, Techniche Chief Executive Officer.

Elsewhere in our portfolio, ERST had a pleasing year with revenues up approximately 14% and profit contribution up approximately 13%. This was a result of improvements to new business opportunities in our core customer base over the period and continued cost containment.

It is expected that ERST will continue to show further improvements in its core business this coming financial year and it is actively seeking opportunities for expansion by acquisition to leverage its strong management capability and technical infrastructure.

Statseeker had a solid result for the period, with new business sales increasing by 34%, total revenue moderately higher (up 10%) and supported by tightly managed operating expenses. Throughout the year Statseeker continued to build their distribution capability through both direct and indirect channels and this, along with an expanded (Good/Better/Best) range of product and pricing options that unlocks a larger addressable market, is expected to have an increasing impact on sales and profits during the 2017 financial year.

The significant uplift this year in total contribution from Statseeker (up 241% across both interest, profits and fees) foreshadows our expectation of its rising potential and importance to overall Group earnings in the coming years.

Statseeker generated strong cash flows from operations which enabled it to fully repay its' remaining bank debt during the period. At 30 June it held cash balances of \$1,385,983 and it expected to commence repayment of balances owed (accumulated management fees, interest and loans) to Techniche and our joint venture partner during the 2017 financial year.



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Notwithstanding the fall in profit, the group's top-line sales revenue (inclusive of our 50% share in Statseeker) was largely stable at \$11.4 million (FY15: \$11.7 million). Furthermore, we continue to generate 77% of recurring contracted revenue from loyal, long-term clients across our group. This foundation, along with an amplification of our plans to pursue further value-accretive acquisitions (both standalone and bolt-ons), augurs well for a rebound in 2017.

A\$'000	For the Year Ended		Movement	
	June 30, 2016	June 30, 2015	\$	%
Provision of IT Software & Services				
Urgent Group	4,804	5,778	(975)	(16.9)
ERST	3,734	3,285	449	13.7
Statseeker (50%)	2,864	2,592	271	10.5
Total	11,402	11,655	(253)	(2.2)

Techniche is committed to creating long-term value for shareholders and looks forward to a return to growth in earnings and earnings per share in the coming year

About Techniche

Techniche Limited (ASX: TCN) is a listed investment company headquartered in Brisbane, Australia. We acquire, manage and build niche business-to-business (B2B) software & services companies. These businesses develop and deliver proprietary software solutions that serve critical needs in the day-to-day operations of our customers. Techniche employs an active management approach by working with and incentivizing management, to successfully grow our businesses in Australia and around the world both organically and via strategic acquisitions.

Contact

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