

# Techniche Limited

ABN 83 010 506 162

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26 February 2014

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 for the half year to 31 December 2013 which has been subject to audit review.

For further information please contact Mr. Karl Jacoby on 1300 556 673.

Yours faithfully,

Kevin J Sheppard  
COMPANY SECRETARY

**INTERIM FINANCIAL REPORT**

**APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**Results for Announcement to the Market**

**Key Information**

	31-Dec-13	31-Dec-12	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities	4,342,247	2,943,951	1,398,296	47.5%
Profit after tax from ordinary activities attributable to members	1,511,369	59,340	1,452,029	2447.0%
Net profit attributable to members	1,511,369	188,075	1,323,294	703.6%

**Dividends Paid and Proposed**

	Amount per Security (cents)	Franked amount per security
<b>Ordinary shares</b>		
2013 Final payable on 28 February 2014	0.10	Nil

**Record date for determining entitlement to the final dividend:**

Ordinary shares	31 December 2013
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**Explanation of Key Information and Dividends**

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

**Net Tangible Assets per Share**

	31-Dec-13 cents/share	31-Dec-12 cents/share
Net tangible assets per share	2.02	1.10

**Dividend Details**

	Half-year Ended 31-Dec-13 \$	Half-year Ended 31-Dec-12 \$
<b>Ordinary share capital:</b>		
Final dividend payable	223,592	-

A final unfranked ordinary dividend was declared on 27 September 2013 of 0.1 cents per share. The dividend is payable on 28 February 2014.

**Dividend Reinvestment Plans**

The Group does not have any dividend reinvestment plans in operation.

**INTERIM FINANCIAL REPORT**

**APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**Results for Announcement to the Market (continued)**

**Key Information (continued)**

**Investment in Joint Venture**

	Half-year Ended 31-Dec-13	Half-year Ended 31-Dec-12
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**Material investments in joint venture are as follows:**

Network Monitoring Holdings Pty Ltd	1,246,846	-
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As disclosed in the interim financial report, the consolidated entity has recognised an aggregated share of net profit from joint venture listed above amounting to \$46,846 for the half-year ended 31 December 2013 (for the half-year ended 31 December 2012: \$Nil).

## **INTERIM FINANCIAL REPORT**

### **Directors' Report**

Techniche Limited and its Controlled Entities Interim Financial Report for the Half-Year Ended 31 December 2013

The Directors of Techniche Limited ("the Company") submit herewith the financial report for the half-year ended 31 December 2013 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 (Chairman)  
Bruce Ronald Scott  
Robert John Shaw  
John Wolton (resigned 30 July 2013)

#### **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 is pleased to report a Net Profit After Tax (NPAT) of \$1,511,369, compared to a NPAT of \$188,075 for the corresponding period last year. The Consolidated Entity reported a profit from continuing operations of \$1,511,369 for the half year ended 31 December 2013 ("HY 2014") compared with a profit of \$59,340 for the corresponding period last year.

Consolidated revenue from continuing operations for HY 2014 was \$4,816,004 compared to \$2,996,564 for HY 2013. Net assets have increased to \$13,361,668 from \$11,346,773 at the end of the last annual reporting period (30 June 2013).

The Company retained cash reserves of \$1,831,236 at 31 December 2013 after investing \$1,200,000 in equity and \$1,000,000 by way of loan on 2 September 2013 for its 50% interest in the Statseeker business.

This is an excellent outcome and is the result of prudent cost control, improved performances from all business units, 4 months contribution from the Statseeker acquisition, as well as a weakening of the Australian dollar.

During the period the Consolidated Entity owned and operated ERST Technology business through a wholly owned subsidiary ERST Technology GmbH, the Urgent Technology business carried on by Urgent Technology UK and other controlled entities operating in the USA, India and Australia, and the recently acquired Statseeker through a 50/50 acquisition of Statseeker Holdings Pty Ltd with NBC Capital Pty Ltd.

##### *The Techniche Strategy*

Techniche is a global technology investment company whose purpose is to provide long term growth in earnings per share and dividends to shareholders in order to attract more capital to invest in and grow profitable businesses.

We employ an active management approach by working with and incentivising management to successfully grow the businesses organically and via strategic acquisitions.

Our target businesses are profitable, provide business to business solutions, with business critical applications, a high level of recurring revenue, which have reached a ceiling in their business cycle, and require possibly new management, capital and/or new strategies to grow.

**INTERIM FINANCIAL REPORT**

**Directors' Report**

*European Retail Systems Technology GmbH ("ERST")*

ERST Technology creates software for Advanced Data Transfer helping companies to get mission critical data to where it needs to be. On time, anywhere, in any format. Global businesses like BP use our products to manage file transfer in heterogeneous, complex environments. <https://www.erst-technology.com/>

ERST provides managed services to clients such as BP, is highly regarded by its clients, and is well managed by Thomas Huben, the CEO, and a small management team. ERST have had a successful half year.

The Board have engaged the services of a German M&A firm and are currently looking for complementary bolt-on businesses.

*Urgent Technology Limited group ("Urgent")*

Urgent Technology Ltd provides a highly configurable Facilities Management infrastructure and field service management software to over 30,000 sites worldwide. These sites are typically managed and maintained by over 1 million third party contractors, with the software providing tight financial and regulatory control, while improving performance and encouraging behavior through industry best practice. <http://www.urgtech.com/>

Under the management of Grahame Done, Urgent's CEO, and Jesse Klebba, Urgent's US President, the business has seen a significant improvement in profitability, particularly in the UK and USA. This is the result of a number of factors including a renegotiation of a significant annual support contract, funding the redevelopment of the eMaintenance application, and winning a significant contract in the US.

Since the last report, Grahame Done has continued to build the management team in the UK, and has been developing the sales pipeline through strategic lead generation activities.

The Board are also working with a number of M&A companies who are currently looking for complementary bolt-on businesses.

*Statseeker*

Statseeker designs, develops, markets, distributes and supports a network infrastructure monitoring (NIM) software tool to blue chip enterprises around the world. Statseeker is currently deployed in over 500 customer sites spanning many industries including Government, Military, Banking, Education, Manufacturing, Aviation, Telecommunications, Retail, Publishing, Automotive and Health. Further information on Statseeker can be read at [www.statseeker.com](http://www.statseeker.com).

Statseeker's profit contribution was slightly below expectation to the half year. This was primarily as a result of some delayed sales in the US which are expected to be booked in the second half of the year. It should be noted that the reported after tax result of \$46,846 represents our share of profit after "one off" transaction costs, amortisation of revalued software, as well as the recovery of Technische management costs and interest charges. (Refer Note 2(b))

Under the management of CEO Martin Reed, Statseeker remains an exciting opportunity with substantial prospects. Since taking over the business, a further review of the lead generation and sales activities has been undertaken, with the focus on building our market share in the US, Europe, and eventually Asia. Concurrently, the management team is being strengthened with the appointment of a Financial Controller.

*Group Management and Administration*

Head office costs were higher than budget due to the acquisition of Statseeker, and some unbudgeted expenses. Costs continued to be managed carefully.

**INTERIM FINANCIAL REPORT**

**Independence Declaration of Auditor**

There is no former partner or director of Lawler Hacketts Audit, the Company's auditor, who is or was at any time during the half-year ended 31 December 2013 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 2013.

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

A handwritten signature in black ink, appearing to be 'K. P. Jacoby', with a stylized, overlapping loop structure.

K. P. Jacoby

Brisbane 26 February 2014

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 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 2013 there have been no contraventions of:

- a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Lawler Hacketts Audit**



**Liam Murphy**  
**Partner**

Brisbane, 26 February 2014

**TECHNICHE LIMITED and its controlled entities**
**Interim Financial Report for the Half-Year Ended 31 December 2013**
**Condensed Consolidated Statement of Comprehensive Income**

		<b>Consolidated Entity</b>	
	<b>Notes</b>	<b>Half year Ended 31-Dec-13</b>	<b>Half year Ended 31-Dec-12</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>			
Sales revenue	2(a)	4,342,247	2,943,951
Other revenue	2(b)	473,756	52,613
<b>Total revenue</b>		<b>4,816,004</b>	<b>2,996,564</b>
Acquisition costs		74,175	-
Auditors remuneration		57,722	33,151
Consulting fees		31,867	133,458
Depreciation expense		11,470	19,061
Directors remuneration		118,902	112,100
Employee benefits expense		2,107,213	1,888,761
Infrastructure costs		162,290	87,071
Insurance		31,816	33,678
Motor vehicle and travel expenses		113,941	164,659
Other expenses		69,383	86,091
Premises expenses		195,449	184,579
Foreign exchange losses		4,570	8,836
Shareholder maintenance costs and ASX listing		26,653	17,231
<b>Total expenses</b>		<b>3,005,452</b>	<b>2,768,676</b>
Share of net profit of joint venture accounted for using the equity method	9	46,846	-
<b>Profit before income tax</b>		<b>1,857,397</b>	<b>227,888</b>
Income tax expense		346,028	168,548
<b>Profit for the half year</b>		<b>1,511,369</b>	<b>59,340</b>
Profit from discontinued operations	6	-	128,735
<b>Profit for the period attributable to members of the parent entity</b>		<b>1,511,369</b>	<b>188,075</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit and loss when specific conditions are met:</i>			
Exchange differences arising on translation of foreign operations		727,118	121,682
Income tax relating to components of other comprehensive income		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>727,118</b>	<b>121,682</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>2,238,487</b>	<b>309,757</b>
<b>Earnings per share</b>			
<i>From continuing and discontinued operations</i>			
Basic earnings per share (cents)	5	0.68	0.08
Diluted earnings per share (cents)	5	0.68	0.08
<i>From continuing operations</i>			
Basic earnings per share (cents)	5	0.68	0.03
Diluted earnings per share (cents)	5	0.68	0.03
<i>From discontinued operations</i>			
Basic earnings per share (cents)	5	-	0.05
Diluted earnings per share (cents)	5	-	0.05

The accompanying notes form part of these financial statements.



**TECHNICHE LIMITED and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Condensed Consolidated Statement of Financial Position**

	Notes	Consolidated Entity	
		As at	As at
		31-Dec-13	30-Jun-13
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,831,236	3,669,775
Trade and other receivables		1,538,065	944,624
Inventories		13,406	-
Current tax assets		-	22,061
Other current assets		111,453	128,733
<b>Total current assets</b>		<b>3,494,160</b>	<b>4,765,193</b>
<b>Non-current assets</b>			
Property, plant and equipment		57,211	52,679
Loan receivable from Joint Venture	10	1,020,000	-
Investment accounted for using the equity method	9 c	1,246,846	-
Intangible assets	11	8,853,837	7,971,163
<b>Total non-current assets</b>		<b>11,177,894</b>	<b>8,023,842</b>
<b>Total assets</b>		<b>14,672,054</b>	<b>12,789,035</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		668,397	1,070,450
Current tax liabilities		383,951	219,180
Short term provisions		258,038	152,632
<b>Total liabilities</b>		<b>1,310,386</b>	<b>1,442,262</b>
<b>NET ASSETS</b>		<b>13,361,668</b>	<b>11,346,773</b>
<b>EQUITY</b>			
Issued capital		70,338,778	70,338,778
Reserves		(667,720)	(1,394,838)
Retained earnings		(56,309,390)	(57,597,167)
<b>TOTAL EQUITY</b>		<b>13,361,668</b>	<b>11,346,773</b>

The accompanying notes form part of these financial statements.

**TECHNICHE LIMITED and its controlled entities**
**Interim Financial Report for the Half-Year Ended 31 December 2013**
**Condensed Consolidated Statement of Changes in Equity**

	Ordinary shares	Retained earnings	Option reserve	FX Translation reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	70,338,778	(58,680,880)	2,528	(2,113,636)	9,546,790
Profit/(loss) for the period	-	188,075	-	-	188,075
Other comprehensive income	-	-	-	121,682	121,682
Total comprehensive income	-	188,075	-	121,682	309,757
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Options expired	-	2,528	(2,528)	-	-
Dividends paid or provided for	-	-	-	-	-
Total transactions with owners and other transfers.	-	2,528	(2,528)	-	-
<b>Balance at 31 December 2012</b>	<b>70,338,778</b>	<b>(58,490,277)</b>	<b>-</b>	<b>(1,991,954)</b>	<b>9,856,547</b>
<b>Balance at 1 July 2013</b>	70,338,778	(57,597,167)	-	(1,394,838)	11,346,773
Profit/(loss) for the period	-	1,511,369	-	-	1,511,369
Other comprehensive income	-	-	-	727,118	727,118
Total comprehensive income	-	1,511,369	-	727,118	2,238,487
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Dividends paid or provided for	-	(223,592)	-	-	(223,592)
Total transactions with owners and other transfers.	-	(223,592)	-	-	(223,592)
<b>Balance at 31 December 2013</b>	<b>70,338,778</b>	<b>(56,309,390)</b>	<b>-</b>	<b>(667,720)</b>	<b>13,361,668</b>

The accompanying notes form part of these financial statements.

**TECHNICHE LIMITED and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Condensed Consolidated Statement of Cash Flows**

		<b>Consolidated Entity</b>	
	<b>Notes</b>	<b>Half year Ended 31-Dec-13 \$</b>	<b>Half year Ended 31-Dec-12 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		3,974,102	3,287,548
Payments to suppliers and employees		(3,678,834)	(3,720,288)
Interest received		1,386	1,886
Income tax paid		(159,196)	(85,106)
<b>Net cash provided by (used in) operating activities</b>		<b>137,458</b>	<b>(515,960)</b>
<b>Cash flows from investing activities</b>			
Purchase of shares in joint venture		(1,200,000)	-
Payment of related party loans		(1,000,000)	-
Pre settlement discontinued operation cash flow		-	(53,471)
Payment for plant and equipment		(16,002)	(95)
<b>Net cash provided by (used in) investing activities</b>		<b>(2,216,002)</b>	<b>(53,566)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(2,078,544)</b>	<b>(569,526)</b>
<b>Cash at the beginning of the half-year</b>		<b>3,669,775</b>	<b>2,429,048</b>
Effect of exchange rates on cash holdings in foreign currencies		240,004	(29,465)
<b>Cash at the end of the half-year</b>	<b>3</b>	<b>1,831,236</b>	<b>1,830,057</b>

The accompanying notes form part of these financial statements.

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**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 financial statements were authorised for issue on 26 February 2014 by the directors of the Company.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2013 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 2013, together with any public announcements made during the following half-year.

**b. Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

**c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

**(i) Consolidated financial statements, joint arrangements and disclosure of interests in other entities**

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: Consolidated Financial Statements;
- AASB 127: Separate Financial Statements (August 2011);
- AASB 11: Joint Arrangements;
- AASB 128: Investments in Associates and Joint Ventures (August 2011);
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period  
(continued)

– Consolidated financial statements:

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

– Joint arrangements:

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting. Joint ventures will generally be required to be accounted for using the equity method under AASB 11. The proportionate consolidation method is no longer permitted. However, this will not have any impact on the Group's financial statements as the Group's interest in joint ventures is currently accounted for using the equity method of accounting.

When changing from the proportionate consolidation method to the equity method upon initial application of AASB 11, investments in joint ventures are required to be recognised as at the beginning of the immediately preceding year (ie as at 1 July 2012) and measured as the aggregate of the carrying amounts of the assets and liabilities that the investor had previously proportionately consolidated, including any goodwill arising from acquisition. This amount is regarded as the deemed cost of the investment at initial recognition, and is subject to impairment testing at that point in time. If aggregating all previously proportionately consolidated assets and liabilities results in a negative net asset amount, the investor recognises a liability to the extent that it has a legal or constructive obligation with respect to the negative net assets, and recognises any balance of the negative net assets as an adjustment to opening retained earnings.

The directors have determined that the first-time application of AASB 11 (together with the associated Standards) did not cause any changes to the Group's accounting policy for accounting for joint ventures and classification of joint arrangements since the joint ventures as disclosed in note 9 was only existed in the current reporting period. The accounting policy for joint arrangements is set out in Note 1 (e).

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Notes to the Financial Statements**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period  
(continued)

– Disclosure of interest in other entities:

AASB 12 is the Standard that addresses disclosure requirements of AASB 10, AASB 11, AASB 127 and AASB 128. New disclosures, that are material to this interim financial report and associated with the Group's interests in subsidiaries and joint arrangements as prescribed by AASB 12 have been set out in Notes 9 and 10 respectively. Further, as required by AASB 12, details of the significant judgments made in determining the controlled entity status of subsidiaries are disclosed in Note 1(h).

(ii) Fair value measurements and disclosures

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(f), should be incorporated in these financial statements.

(iii) Other

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*.

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

d. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Techniche Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Notes to the Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. Principles of Consolidation (continued)**

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**e. Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a “joint venture” and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group’s interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties’ interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group’s interests in joint arrangements are provided in Note 9.

**f. Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**f. Fair Value of Assets and Liabilities (continued)**

**Valuation techniques**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

**g. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies**

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2013 annual report.



**TECHNICHE LIMITED and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Notes to the Financial Statements**

Notes	Consolidated Entity	
	Half year	Half year
	Ended 31-Dec-13	Ended 31-Dec-12
	\$	\$

**Note 2. Profit from operations**

Profit from continuing operations before income tax expense includes the following items of revenue and expense

**a. Revenue**

- Sale of goods and services – continuing operations	4,342,247	2,943,951
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**b. Other income**

- exchange difference on foreign currency transactions	395,560	39,260
- management fee received from joint venture	40,000	-
- interest received from joint venture	20,000	-
- interest received from other persons	1,386	1,886
- other revenue	16,810	11,467
	<u>473,756</u>	<u>52,613</u>
	<u>4,816,004</u>	<u>2,996,564</u>

**Note 3. Notes to the Consolidated Statement of Cash Flows**

	Consolidated Entity	
	as at	as at
	31 December 2013	30 June 2013
	\$	\$

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits as call. Cash as at the end of the period as shown in the Consolidated Statement of Cash Flows is reconciled as follows:

Cash at bank and in hand	1,831,236	3,669,775
	<u>1,831,236</u>	<u>3,669,775</u>

**Techniche Limited and its controlled entities**  
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**Note 4. Contingent liabilities and contingent assets**

There have been no changes in contingent liabilities or contingent assets since the last annual reporting period.

**Note 5. Earnings per share**

	<b>Consolidated Entity</b>	
	<b>Half-Year Ended 31 December 2013</b>	<b>Half-Year Ended 31 December 2012</b>
<b>From continuing and discontinued operations</b>		
Basic earnings per share (cents)	0.6761	0.0841
Diluted earnings per share (cents)	0.6761	0.0841
<b>From continuing operations</b>		
Basic earnings per share (cents)	0.6761	0.0265
Diluted earnings per share (cents)	0.6761	0.0265
<b>From discontinued operations</b>		
Basic earnings per share (cents)	-	0.0576
Diluted earnings per share (cents)	-	0.0576

**Note 6 Discontinued operations**

Abacus Data Systems Pty Ltd ("Abacus")

In February 2012, the Group resolved to liquidate the business of Abacus thereby discontinuing its operations. The company was placed in members' voluntary liquidation on 8 May 2012 and the administration was finalised in July 2012 following an in specie distribution of assets before the end of the 2012 financial year.

TVPC International Pty Ltd ("TVPCI")

In December 2012, the Group lodged an application for voluntary deregistration of TVPCI with Australian Securities & Investment Commission (ASIC). The deregistration application was accepted, thereby discontinuing TVPCI operations prior to 31 December 2012.

EAP Australasia Pty Ltd ("EAP")

Techniche Limited (the company) entered into a 'share purchase agreement' with Objectify Services Pty Ltd (the buyer), whereby the buyer agreed to purchase EAP with effect from 1 January 2013 with a purchase price of \$190,000. Therefore, EAP discontinued its operations as from 31 December 2012.

Financial information relating to the discontinued operations is set out below.

The financial performance of the discontinued operations to the date of sale, which is included in profit/(loss) in the statement of comprehensive income is as follows:

	<b>2012</b>			
	<b>EAP</b>	<b>TVPCI</b>	<b>Abacus</b>	<b>Total</b>
Revenue	250,270	-	-	250,270
Expenses	(276,551)	(57)	-	(276,608 )
Loss before income tax	(26,281 )	(57)	-	26,338
Income tax expense	-	-	-	-
<b>Loss attributable to members of parent entity</b>	(26,281 )	(57)	-	(26,338 )
Profit on sale (loss on disposal) before income tax	155,073	-	-	155,073
Income tax expense	-	-	-	-
<b>Profit on sale (loss on disposal) after income tax</b>	155,073	-	-	155,073
<b>Profit / (loss) after tax attributable to the discontinued operation</b>	128,792	(57)	-	128,735

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**Note 7. Operating Segments**

	ERST GmbH		Urgent Group		TCN Corporate		Discontinued operations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
External sales	1,890,234	1,449,423	2,452,013	1,494,527	40,000	-	-	250,270	4,382,247	3,194,220
Intra segment sales	-	-	321,219	359,529	-	-	-	-	321,219	359,529
Inter-segment sales	-	-	-	-	468,687	480,552	-	-	468,687	480,552
Segment sales revenue	1,890,234	1,449,423	2,773,232	1,854,056	508,687	480,552	-	250,270	5,172,154	4,034,301
Other revenue	74,971	12,927	17,028	-	482,752	39,687	-	-	574,751	52,614
Total segment revenue before elimination	1,965,205	1,462,350	2,790,260	1,854,056	991,440	520,239	-	250,270	5,746,905	4,086,915
Reconciliation of segment revenue to group revenue										
Elimination entries for revenue on consolidation									(930,902)	(840,081)
Revenue from discontinued operations									-	(250,270)
Total revenue									4,816,004	2,996,564
Profit/(loss) with inter segment charges	853,164	526,110	545,251	(49,687)	545,931	(221,304)	-	128,735	1,944,346	383,854
Income tax expense	(276,779)	(168,549)	(69,249)	-	-	-	-	-	(346,028)	(168,549)
Segment result after tax	576,385	357,561	476,003	(49,687)	545,931	(221,304)	-	128,735	1,598,319	215,305
Intra group charges									(86,949)	(27,230)
Total contribution after tax									1,511,369	188,075
Segment assets	5,740,164	3,164,874	8,342,565	5,980,145	18,908,668	11,663,649			32,991,397	20,808,668
Inter segment elimination	(4,011,723)	(1,215,048)	(6,550,998)	(4,848,913)	(7,756,621)	(4,042,714)			(18,319,342)	(10,106,675)
Total consolidated assets	1,728,441	1,949,826	1,791,567	1,131,232	11,152,047	7,620,935			14,672,055	10,701,993

**Note 8. Subsequent Events**

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

**Note 9. Interest in Joint Arrangements**

**a. Information about investment in Joint Venture**

On 29 July 2013, the Company entered into a joint arrangement agreement with NBC Capital Pty Ltd ('NBC') whereby they have incorporated a new entity named Network Monitoring Holdings Pty Ltd (NMH) at the same date. The nature of the joint arrangement was classified as joint venture under the AASB 11 'Joint Arrangements'. The purpose of the incorporation of NMH was to acquired Statseeker Holdings Pty Ltd and controlled entities. On 2 September 2013, NMH acquired 100% of interest in the Statseeker Holdings Pty Ltd and controlled entities ('Statseeker') with a consideration of \$6.75 million which were funded by a debt facility of \$2.5 million from Bankwest, \$1.2 million of contributed equity by each venturer and \$1 million of subordinated debt by each venturer. Staseeker designs, develops, markets, distributes and supports a network infrastructure monitoring software tool to blue chip enterprises around the world.

Set out below is the joint arrangement of the Company as at 31 December 2013, which in the opinion of the directors are material to the Group:

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
**Notes to the Financial Statements**

**Note 9. Interest in Joint Arrangements (continued)**

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 Dec 2013	As at 30 June 2013	
Network Monitoring Holdings Pty Ltd	Joint Venture	Australia	50%	Nil	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.

**b. Summarised financial information of Joint Venture**

Set out below is the summarised financial information which represents 50% interest in the joint venture that is material to the Group.

		Group's share of:			
	Ownership Interest %	Assets \$	Liabilities \$	Revenues \$	Profit \$
Period ended 31 December 2013					
Network Monitoring Holdings Pty Ltd	50%	4,974,938	3,728,092	837,442	46,846
Period ended 31 December 2012					
Network Monitoring Holdings Pty Ltd	0%	-	-	-	-
				Half-year Ended 31-Dec-13 \$	Half-year Ended 31-Dec-12 \$

**c. Carrying amount of investment in Joint Venture**

The following is a reconciliation of the above summarised financial information to the carrying amounts of the Company's interests in investments accounted for using the equity method:

Investment in Joint Venture - at the beginning of the financial period	-	-
Initial contribution to the Joint Venture at 29 July 2013	2	-
Additional contribution to the Joint Venture at 2 September 2013	1,199,998	-
Share of Joint Venture net profit after income tax	46,846	-
Investment in Joint Venture - at the end of the financial period	<u>1,246,846</u>	<u>-</u>

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
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**Note 10. Related Party Transactions**

During the half year, the Group has conducted the following new related party transactions:

- As disclosed in note 9a, the Company together with NBC have incorporated a new joint venture entity named Network Monitoring Holdings Pty Ltd (NMH) to acquire 100% interest in Statseeker. On 2 September 2013, the Company has provided a subordinated loan of \$1 million to NMH to fund the acquisition of Statseeker. The loan is an unsecured interest bearing loan with interest rate at BBSY + 2% or 6% whichever is higher and to be accrued and calculated on a monthly basis. The loan and the interest portion will be repayable after the Bankwest loan has been fully repaid by NMH but no later than 2 September 2018. At 31 December 2013, the loan balance including the interest portion totaling to \$1,020,000 was recorded as part of the non-current assets in the Statement of Financial Position.
- The group has entered into a management fees agreement with NMH at a rate of 10% per year from the contributed investment in the company. As at 31 December 2013, accrued management fees were \$40,000.

Other than the above, there were no other significant changes on the related party transactions reported in the Annual Financial Report for the year ended 30 June 2013.

**Note 11: Intangibles**

**Goodwill**

Carrying Value

Half-year Ended 31-Dec-13 \$	Year ended 30-Jun-13 \$
---------------------------------------	-------------------------------

3,327,958	3,030,452
<u>3,327,958</u>	<u>3,030,452</u>

**Intellectual property rights**

Carrying Value

5,525,879	4,940,711
<u>5,525,879</u>	<u>4,940,711</u>

Total Intangible assets

<u>8,853,837</u>	<u>7,971,163</u>
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**Movement in carrying amounts**

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

**Goodwill**

Opening Balance

Foreign currency revaluation

Closing balance

3,030,452	2,640,626
<u>297,506</u>	<u>389,826</u>
<u>3,327,958</u>	<u>3,030,452</u>

**Intellectual property rights**

Opening Balance

Foreign currency revaluation

Closing balance

4,940,711	4,594,885
<u>585,168</u>	<u>345,826</u>
<u>5,525,879</u>	<u>4,940,711</u>

**Techniche Limited and its controlled entities**  
**Interim Financial Report for the Half-Year Ended 31 December 2013**  
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**Note 12. Dividend Details**

	Half-year Ended 31 December 2013 \$	Half-year Ended 31 December 2012 \$
<b>Ordinary share capital:</b>		
Final dividend payable	223,592	-

A final unfranked ordinary dividend was declared on 27 September 2013 of 0.1 cents per share. The dividend is payable on 28 February 2014.

**Dividend Reinvestment Plans**

The Group does not have any dividend reinvestment plans in operation.

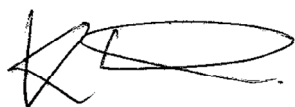
## Directors' Declaration

Techniche Limited and its Controlled Entities Interim Financial Report for the Half-Year Ended 31 December 2013

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 8 to 22 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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

A handwritten signature in black ink, appearing to be 'K P Jacoby', written over a horizontal line.

K P Jacoby  
Director

Brisbane, 26 February 2014

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TECHICHE LIMITED AND CONTROLLED ENTITIES**

### **Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Techiche Limited ('the Company') and its controlled entities ('the Consolidated Entity') which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### ***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 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### ***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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Techiche Limited and its controlled entities' financial position as at 31 December 2013 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Techiche Limited and its controlled entities, 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 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.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TECHNICHE LIMITED  
AND CONTROLLED ENTITIES (Continued)**

**Conclusion**

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 and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**Lawler Hacketts Audit**



**Liam Murphy**  
**Partner**

**Brisbane, 26 February 2014**