

Techniche Limited

ABN 83 010 506 162

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Monday, 17 December 2012

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

Market Update

At our recent AGM John Wolton announced his retirement as Chairman of Techniche Ltd and decided to step down on 30 November 2012 in favour of myself. John has given invaluable service to Techniche since his appointment as Chairman in 2007 and I would like to thank him on behalf of fellow Directors and all shareholders. John will remain on the Board until his retirement in June 2013.

After the close of the AGM I spoke to shareholders about my objectives for the company which I would like to share in this letter.

It is the Board's view that Techniche's market capitalisation is too small and that corporate overheads are too high for the current investment pool. Furthermore, independent advice indicates that the operating businesses are worth more than the current market capitalisation of Techniche.

Therefore the Board determined a valuation and possible sale of both ERST Gmbh and Urgent Technology as an option to provide a better return to shareholders. As you may be aware, this process is currently underway, with interest being shown in both businesses.

Concurrently, corporate overheads have been significantly reduced and we believe that strong management is now in place, with all underlying businesses expected to be profitable in the current financial year. That is, should the businesses not be sold, we feel confident of returning Techniche to profit in the very near term.

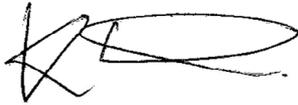
Should the sale of both businesses occur, the Board considered 2 options, either a restructure of the Techniche investment model or a cash return to shareholders. It is our view that a cash return to shareholders is most likely. This preference was advised to shareholders at the November AGM.

In the event that no sale or a partial sale occurs, then our view is that we will continue trading the businesses. We have strong management, good businesses, sound technology, some excellent customers and have significant value in our points of presence in Europe, Asia and the USA.

We believe that we can achieve a NPAT of 15-25% of current market cap, but to achieve this will require at least one further acquisition, with a focus on technology, complementary to current products, preferably Australian or Asian based.

Finally, with John's impending retirement from the Board at June 30 2013, and Bob Shaw indicating he is considering retiring from the Board at the next AGM, we will be conducting a Board refresh with a focus on international technology and commercial skills.

I look forward to updating shareholders on our plans throughout the coming year.

A handwritten signature in black ink, appearing to be 'Karl Jacoby', written in a cursive style.

Karl Jacoby,
CHAIRMAN
TECHNICHE LIMITED