



Intec Ltd

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Superior and Sustainable Metals Production

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ASX code: INL

Companies Announcements Office
Australian Securities Exchange

29 August 2014

Preliminary 2014 Financial Report (Appendix 4E)

Intec Ltd provides its Preliminary Final Report in accordance with Appendix 4E for the financial year ended 30 June 2014.

Yours faithfully
Intec Ltd

Kieran Rodgers
Managing Director



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Preliminary Final Report in accordance with Appendix 4E

Financial year ended 30 June 2014



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Particulars	Year ended	
	30 June 2014	30 June 2013
	\$	\$
Revenues and other income from continuing operations	Up 20.2% to 1,281,439	from 1,065,853
(Loss) profit for year attributable to members	Up 52.0% to (1,261,134)	from (2,626,224)
Dividends	Amount per security	Franked amount per security
Final dividend	Nil cents	Nil cents
Previous corresponding period	Nil cents	Nil cents
Record date for determining entitlement to dividend	Not applicable	Not applicable

Brief Explanation of any of the figures reported above

The Company and controlled entities (the Group) generated an operating loss after income tax of \$1,261,134 and net cash outflows from operations of \$634,610 in the year ended 30 June 2014. The operating loss included an impairment expense of \$162,900, comprised of a write down in the carrying value of shares held in Bass Metals Limited. In addition, the Group incurred a depreciation and amortisation expense of \$380,168, principally related to the Burnie Research Facility. At 30 June 2014 the Group had net assets of \$3,051,918 and cash balances of \$1,747,861.

This Appendix 4E should be read in conjunction with the Half-Year Financial Report of the Group as at 31 December 2013 and the Annual Financial Report of Intec, due to be released in September 2014, for the year ended 30 June 2014. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group since commencement of the 2013/14 financial year on 1 July 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

Events Occurring after Balance Date

Subsequent to financial year end, the Group approved and commenced the decommissioning of the Burnie Research Facility. It is expected that the financial cost of decommissioning the Burnie Research Facility will be offset by treatment fees and the sale of plant and equipment.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected or may significantly affect the consolidated entities operations, the results of these operations, or the consolidated entities state of affairs in future financial years.



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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2014

	Year ended	
	30 June 2014	30 June 2013
	\$	\$
Revenue	1,281,439	1,065,853
Administration expense	(438,055)	(449,071)
Burnie Research Facility expenses	(52,363)	(71,930)
Depreciation and amortisation expense	(380,168)	(834,180)
Engineering and other consultants expenses	(93,969)	(83,964)
Employee benefits expense	(781,809)	(1,120,696)
Finance costs	(8,176)	(3,177)
Recouped security bond	-	121,230
Impairments expense	(162,900)	(872,977)
Occupancy expense	(135,471)	(227,646)
Research and development expenses	-	(10,133)
Treatment expense	(557,207)	(120,538)
Other expenses	(2,316)	(18,995)
(Loss)/Profit before income tax	(1,331,535)	(2,626,224)
Income Tax	70,401	-
Net (Loss)/Profit for the year	(1,261,134)	(2,626,224)
Other comprehensive (loss)/income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive (loss)/income for the year, net of income tax	-	-
Total comprehensive (loss)/income for the year	(1,261,134)	(2,626,224)
(Loss)/Profit attributable to:		
Owners of Intec Ltd	(1,177,945)	(2,567,869)
Non-controlling interests	(83,189)	(58,355)
	(1,261,134)	(2,626,224)
	Cents	Cents
Basic (loss)/profit per share	(0.42)	(0.88)
Diluted (loss)/profit per share	(0.42)	(0.88)



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Year ended	
	30 June 2014	30 June 2013
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,747,861	3,402,821
Trade and other receivables	189,518	100,017
Cash on Deposit - Environmental bonds	-	40,000
Inventories	194,520	27,509
Total current assets	2,131,899	3,570,347
Non current assets		
Trade and other receivables	-	-
Other financial assets	42,200	205,100
Plant and equipment	294,587	501,100
Intangible assets	1,318,845	10,000
Total non current assets	1,655,632	716,200
Total assets	3,787,531	4,286,547
LIABILITIES		
Current liabilities		
Trade and other payables	336,867	119,294
Loans and borrowings	137,593	-
Provisions	112,732	124,286
Total current liabilities	587,192	243,580
Non-current liabilities		
Trade and other payables	-	-
Loans and borrowings	64,774	-
Deferred tax liability	83,647	-
Total non-current liabilities	64,774	-
Total liabilities	735,613	243,580
Net assets	3,051,918	4,042,968
EQUITY		
Contributed equity	71,641,977	71,641,977
Reserves	2,624,037	2,624,037
Accumulated losses	(71,401,953)	(70,224,008)
Total equity attributable to equity holders of the Company	2,864,061	4,042,006
Outside equity interest	187,857	962
Total equity	3,051,918	4,042,968



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Share Capital	Reserves	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	71,641,977	2,624,037	(67,656,139)	59,317	6,669,192
Comprehensive income					
Loss after income tax expense for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Balance at 30 June 2013	71,641,977	2,624,037	(70,224,008)	962	4,042,968
Balance at 1 July 2013	71,641,977	2,624,037	(70,224,008)	962	4,042,968
Comprehensive income					
Loss after income tax expense for the year	-	-	(1,177,945)	(83,189)	(1,261,134)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,177,945)	(83,189)	(1,261,134)
Changes in ownership interests					
Acquisition of subsidiary with non-controlling interest	-	-	-	270,084	270,084
Balance at 30 June 2014	71,641,977	2,624,037	(71,401,953)	187,857	3,051,918



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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Year ended	
	30 June 2014	30 June 2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	913,875	758,165
Payments to suppliers and employees	(1,813,794)	(2,282,506)
Interest paid	(8,716)	(3,535)
Interest received	84,042	174,863
R&D tax offset received	129,478	497,859
Other receipts	60,505	26,445
Net cash (outflows)/inflows from operating activities	(634,610)	(828,709)
Cash flows from investing activities		
Payments for acquisition of business	1,300,100	-
Payments for plant and equipment	(83,325)	-
Proceeds from security deposits refunded	79,539	2,821,589
Proceeds from sale or disposal of property, plant & equipment	138,520	10,000
Net cash (outflows)/inflows from investing activities	(1,165,365)	2,831,589
Cash flows from financing activities		
Proceeds from borrowings	183,325	-
Repayment of borrowings	(41,494)	-
Net cash inflows from financing activities	141,831	-
Net (decrease)/(increase) in cash and cash equivalents	(1,658,144)	2,002,880
Net cash acquired	3,184	-
Cash and cash equivalents at the beginning of the financial year	3,402,821	1,399,941
Cash and cash equivalents at end of year	1,747,861	3,402,821



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Reconciliation of cash

Reconciliation of cash at the end of the year (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

Cash on hand and at bank

Total cash at end of financial year

Year ended	
30 June 2014	30 June 2013
\$	\$

1,747,861	3,402,821
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1,747,861	3,402,821
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Operating profit/(loss) after income tax

Non cash items and non operating cash flows included in statement of comprehensive income

Administration expenses

Depreciation and amortisation

(Recouped)/expensed environmental bond

Impairments expense

Sale of non-current assets

Fair value movement on inventory

Deferred tax liability on acquisition

(1,261,134)	(2,626,224)
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38,119	147,451
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380,168	834,180
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-	(2,821,589)
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162,900	771,777
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(89,561)	-
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145,000	-
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(132,330)	-
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Changes in assets and liabilities

Decrease/(increase) in receivables

Decrease/(increase) in environmental bonds

Decrease/(increase) in inventories

Increase/(decrease) in trade creditors

Increase/(decrease) in provisions

Increase/(decrease) in deferred tax liability

66,001	444,819
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-	2,700,000
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(9,650)	5,260
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(14,798)	(163,133)
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(2,973)	(121,230)
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83,648	-
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Net cash (outflows)/inflows from operating activities

(634,610)	(828,709)
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Control gained or loss of control over entities having material effect

Control gained over entities having material effect

Name of entity (or group of entities)	Science Developments Pty Ltd
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired:	(3,978)
Date from which such profit (loss) has been calculated:	27 November 2013
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period:	Not applicable

Loss of control of entities having material effect

Name of entity (or group of entities)	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) to the date of loss of control:	Not applicable
Date to which such profit (loss) has been calculated:	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period:	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from the sale of the interest leading to the loss of control:	Not applicable

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlements to the dividend	Not applicable
No final dividend has been declared	Not applicable

Consolidated accumulated losses	30 June 2014	30 June 2013
	\$	\$
Accumulated losses at the beginning of the financial year	(70,224,008)	(67,656,139)
Net profit (loss) attributable to members	(1,177,945)	(2,567,869)
Accumulated losses at the end of the financial year	(71,401,953)	(70,224,008)



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Other notes to the condensed financial statements

	30 June 2014	30 June 2013
Ratios		
Profit/(loss) before tax/revenue and other income		
Consolidated profit/(loss) before tax as a percentage of revenue and other income	(103.90)%	(246.40)%
Profit/(loss) after tax/equity interests		
Consolidated net profit/(loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	(41.1)%	(63.5)%
NTA Backing		
Net tangible assets per ordinary share (cents per share)	0.58c	1.35c
Earnings per security (EPS)		
Profit/(loss) per share from continuing operations attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	(0.42)	(0.88)
Diluted earnings (loss) per share (cents per share)	(0.42)	(0.88)
Profit (loss) per share attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	(0.42)	(0.88)
Diluted earnings (loss) per share (cents per share)	(0.42)	(0.88)
Weighted average number of ordinary shares outstanding during the period used in calculating the basic earnings (loss) per share	299,818,669	299,818,669
Weighted average number of ordinary shares and un-exercised options over shares outstanding during the period used in calculating the basic	303,118,669	303,118,669



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NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of Preparation

The financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs except as modified by revaluation of certain non-current assets and, except where stated, does not take into account either changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Note 2: Going Concern Basis

The financial report has been prepared on a going concern basis. The Directors consider the Group has adequate funding and therefore, no adjustments have been made to the financial report that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

Note 3: Accounting Policies

The Appendix 4E does not include notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and the financing and investing activities of the Group as the full financial report. The Appendix 4E should be read in conjunction with the Half-Year Financial Report of the Group as at 31 December 2013 and the Annual Financial Report of Intec, due to be released in September 2014, for the year ended 30 June 2014. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group since commencement of the 2013/14 financial year on 1 July 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

Note 4: Business combination

On 26 November 2013, the Group acquired 50% of the issued capital of Science Developments Pty Ltd, a company that manufactures chemicals for use in waste water treatment, for a purchase consideration of \$1,300,100. The acquisition is part of the Group's overall strategy to expand its interests in the treatment of industrial waste. The purchase was satisfied by the payment of \$1,300,100.

	Fair Value
	\$
Purchase Consideration:	
- Cash	1,300,100
- Non – Controlling Interest	270,083
	1,570,183
Less:	
Cash	3,185
Receivables (i)	231,077
Inventories	302,361
Property, plant and equipment	117,176
Trademarks (iii)	296,100
Trade Payables	(277,403)
Deferred tax liability	(132,330)
Identifiable assets acquired and liabilities assumed	540,166
Goodwill (ii)	1,030,017
Purchase consideration settled in cash	1,300,100
Cash outflow on acquisition, net of cash acquired	1,296,915

- (i) The Directors believe the receivables are fully recoverable and no provision for impairment is required.
- (ii) The goodwill is attributed to the competitive position of Science Developments product portfolio in wastewater treatment. No amount of goodwill is deductible for tax purposes.
- (iii) Trademarks valued at \$296,100 are being amortised over ten years and amortisation of \$17,272 has been recognised from the date of acquisition to 30 June 2014.



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Note 5: Material Factors Affecting the Revenues and Expenses of the Economic Entity for the Current Year

No other matters or circumstances have arisen since 30 June 2014 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

There are no franking credits available. The Company is not expected to declare a dividend in the short term.

Compliance Statement

The financial report is based on accounts which are in the process of being audited.



Kieran Rodgers
Managing Director

29 August 2014



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