



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Company Announcements Office
Australian Securities Exchange

31 October 2014

Quarterly Activities Report: Appendix 4C – September 2014

Attached is the September 2014 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C) for Intec Ltd (ASX Code: INL; Intec or the Company).

Science Developments Pty Ltd

Intec owns a 50% interest in Science Developments Pty Ltd (SciDev) and holds an option to increase its ownership to 100% based on an agreed formula related to the future profitability of SciDev. SciDev is a manufacturer and supplier of coagulants and flocculants for wastewater treatment and sludge dewatering in the mining and agribusiness industries in New South Wales, Queensland and Victoria.

SciDev incurred a small loss in both July and August 2014, but returned to profit in September 2014, and which has been maintained since. The diversification of the customer base continued during the quarter, with further expansion of sales into the quarrying industry. In addition, first sales were achieved into water treatment facilities associated with the extraction of coal seam gas in Queensland. Based on customer trials both undertaken and scheduled, SciDev is confident of further sales growth during the current quarter.

During the quarter, SciDev lodged a provisional patent relating to its OptiFlox system. SciDev developed the OptiFlox system to address a productivity issue in coal washing plants. The OptiFlox system provides for the continuous measurement of particle characteristics of coal slurry, in order to maintain optimal flocculation conditions through automatic, real-time control of coagulant dosing, thus leading to a material improvement in thickener performance and hence the clarity of water returned to the washing plant. OptiFlox trial agreements are currently being negotiated with two Australian coal mines. Trials are expected to commence during the current quarter.

Subsequent to the end of the quarter, Alfa Laval Australia (Alfa Laval) and SciDev agreed the terms of a strategic alliance (the Alliance) between the two companies. Alfa Laval, headquartered in Sweden, is a world leader in the field of decanter centrifuges for waste water treatment. Within Australasia, Alfa Laval decanter centrifuges are widely used in industrial and environmental wastewater treatment facilities. Alfa Laval decanter centrifuges are also being increasingly utilised in the treatment of mine tailings prior to their deposition into storage facilities. SciDev is also increasing its focus on mine tailings, particularly in the coal industry, via the application of its OptiFlox system.

In order to function efficiently, decanter centrifuges require the use of polymers, such as those supplied by SciDev. The Alliance provides for Alfa Laval to recommend SciDev polymers where appropriate for the needs of its clients. Similarly, SciDev will recommend Alfa Laval decanter centrifuges to its clients where appropriate.

Burnie Research Facility

During the quarter, the Burnie Research Facility (the Facility) was fully decommissioned and the Company exited the site on 1 October 2014. The costs of de-commissioning, including a redundancy payment to a permanent employee and, as per the terms of the lease, a make-good payment to the landlord, were offset by the sale of plant and equipment and the receipt of treatment fees. The payments relating to employee redundancy and site make-good were paid on 1 October 2014 and amounted to approximately \$155,000. The carrying value of the Facility on Intec's balance sheet was depreciated to zero as at 30 June 2014.

The decommissioning activities were conducted in accordance with a Decommissioning and Rehabilitation Plan (DRP) previously approved by EPA Tasmania. A DRP Implementation and Validation Report has been submitted to EPA Tasmania. The Company is now awaiting acknowledgment by EPA Tasmania that the DRP was completed to its satisfaction and at which point the Company's site Operating Permit will be relinquished. There is no security bond in place in relation to the former Facility.

Other

On 30 September 2014 Intec divested its 50% shareholding in Intec International Projects Pty Ltd (IIP) for a consideration of \$50,000. Previously, Intec and IIP had agreed to an extensive cross-licensing and technology transfer in relation to Intec's patent portfolio, for which Intec also received a payment of \$50,000. IIP, under its new ownership, will be a provider of technical and associated services in relation to Intec Process applications. Intec will receive a royalty on fees generated by IIP in relation to Intec Process applications. In addition, Intec retains its rights to its portion of unpaid fees relating to the IRC Project.

Corporate

Intec continues to investigate other acquisition opportunities, principally those either complementary or supplementary to SciDev.

Intec's Annual General Meeting will be held at 2.00pm on Friday, 28 November 2014 at the Zulu Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney, NSW.

The attached Appendix 4C, including the consolidated statement of cash flows, represents a consolidation of the cash flows of Intec, its wholly-owned subsidiaries and SciDev. The consolidated cash balance at 30 September 2014 was \$1.736 million.

Intec Ltd



Kieran Rodgers
Managing Director

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended
("current quarter")

30 September 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	248	248
1.2 Payments for		
(a) advertising and marketing	(1)	(1)
(b) zinc bearing concentrate cost of sales	-	-
(c) payments to suppliers	(288)	(288)
(d) employee costs	(230)	(230)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income tax paid	-	-
1.7 Royalty income	-	-
1.8 Other Income	-	-
Net Operating Cash Flows	(263)	(263)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	50	50
(c) intellectual property	-	-
(d) physical non-current assets	176	176
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	226	226
1.14 Total operating and investing cash flows	(37)	(37)

Appendix 4C (Continued)

Quarterly report for entities admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	27	27
1.18 Repayment of borrowings	(2)	(2)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	25	25
Net increase (decrease) in cash held	(12)	(12)
1.21 Cash at beginning of quarter/year	1748	1,748
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	1,736	1,736

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.24 Aggregate amount of payments to the parties included in item 1.2	90
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees are at normal commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

Appendix 4C (Continued)

Quarterly report for entities admitted on the basis of commitments

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities ¹	250	155
3.2 Credit standby arrangements	Nil	Nil

1. Trade finance facility

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	308	72
4.2 Deposits at call	128	476
4.3 Bank overdraft	-	-
4.4 Term Deposits	1,300	1,200
Total: cash at end of quarter (item 1.23)	1,736	1,748

Acquisitions and disposals
of business entities

- 5.1 Name of entity
- 5.2 Place of incorporation or registration
- 5.3 Consideration for acquisition or disposal
- 5.4 Total net assets
- 5.5 Nature of business

Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does/~~does not~~ give a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2014

(Director/~~Company secretary~~)

Print name: **Kieran Rodgers**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.