

Intec Ltd

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ASX code: INL

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2014



ASX code: INL

Corporate Directory

Directors

Trevor A Jones (Chairman and Non-executive Director)
Kieran G Rodgers (Managing Director)
Daniel J Cronin (Non-executive Director)

Group Company Secretary

Robert J Waring

Principal Registered Office

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Share Registry

Boardroom Pty Limited
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Sydney NSW 2000 Australia
PO Box 3993
Sydney NSW 2001 Australia
Telephone: (+61 2) 9290 9600
Facsimile: (+61 2) 9279 0664
Website: www.boardroomlimited.com.au

Stock Exchange Listings and Trading Platform Listings

Intec Ltd shares are listed or traded on:
the Australian Securities Exchange (Code: INL);
the Deutsche Börse (Code: INF);
and as American Depositary Receipts on:
The OTC Markets (Code: ICLJY)

Auditor

Rothsay Chartered Accountants
Level 1, 12 O'Connell Street
Sydney NSW 2000 Australia



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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Intec Ltd (Intec or the Company) and the entities it controlled (the Group) for the half-year ended 31 December 2014.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below.

Trevor A Jones (Chairman and Non-executive Director)
Kieran G Rodgers (Managing Director)
Daniel J Cronin (Non-executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the manufacture and importation of a range of coagulants and flocculants for use in wastewater treatment and sludge dewatering in the agribusiness and mining industries. In addition, the Company maintains an interest in the Intec Process via an agreement with Intec International Projects Pty Ltd.

Review of Operations and Comments on Results

The Group incurred a loss after providing for income tax for the half-year to 31 December 2014 of \$482,583 (2013 – loss of \$518,661). The loss includes non-cash items of depreciation and amortisation of \$36,115 and an impairment expense of \$13,100. The impairment expense relates to the expiration of options held by the Group in Bass Metals Ltd and the impairment of intellectual property held by Intec Copper Pty Limited.

The Group incurred net cash outflows from operations of \$630,477 for the half-year ended 31 December 2014 (2013 – cash outflows from operations of \$242,316). At 31 December 2014, the Group had net assets of \$2,616,992 (June 2014 - \$3,051,918) and cash balances of \$1,315,367 (June 2014 - \$1,747,861).

Science Developments Pty Limited

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. Highlights of SciDev's operations during the half-year include:

- A profitable December quarter after incurring a loss in the September quarter;
- Lodgement of a provisional patent for the OptiFlox system and commencement of the fabrication of the first unit;
- Agreement of a strategic alliance with Alfa Laval Australia; and
- Commencement of product sales to water treatment facilities associated with coal seam gas extraction in Queensland.

The September 2014 and December 2014 Quarterly Reports contain further information regarding the activities of SciDev during the half-year.

Sale of Intec International Projects (IIP)

On 30 September 2014 the Company divested its 50% shareholding in Intec International Projects Pty Limited (IIP) for consideration of \$50,000, resulting in a gain on sale before income tax of \$48,221. 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 5% 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. In February 2015, Monument Mining Limited (Monument), a company listed on the Toronto Stock Exchange, announced that it had reached agreement with IIP in relation to the granting of certain Intec Process technology rights. In return, IIP will be granted Monument shares to the deemed value of \$3.5 million. Release of these shares to IIP will be dependent upon achievement of agreed milestones.

Tasmanian Operations

During the period the Company determined that the Burnie Research Facility (BRF) would be de-commissioned. The Company was advised by EPA Tasmania that the decommissioning and remediation of the site of the former Burnie Research Facility were completed to a suitable standard. Consequently, the Company's site Operating Permit was relinquished. The Company's remaining interests in Tasmania are a 2.5% Net Smelter Royalty in relation to base metals on certain mining and exploration tenements covering the Hellyer-Que River area, its shareholding in Bass Metals Ltd and its ownership of the Zeehan slag dump.

Corporate

The Company's Annual General Meeting was held on 28 November 2014. All resolutions contained in the Notice of Meeting were passed including the consideration of the Financial Report, adoption of the Remuneration Report, election of Directors Daniel Cronin and Trevor Jones, approval of the Intec Employee Share Scheme and approval of options for all directors and the appointment of Rothsay Chartered Accountants as the Company's new Auditor.



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The Financial Statements for the half-year ended 31 December 2014 include the full consolidation of SciDev.

Events occurring after the reporting date

No events have occurred subsequent to 31 December 2014 requiring disclosure in, or amendment to, these interim financial statements.

Auditor's Independence Declaration

An independence declaration from the Company's auditor, Rothsay Chartered Accountants, Sydney is included on page 19 of the financial report.

This report is made in accordance with a resolution of the Company's Directors.



Kieran G. Rodgers
Managing Director
26 February 2015



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-Year	
		31 December 2014	31 December 2013
		\$	\$
Revenue from continuing operations	3	877,983	602,369
Administration expense		(250,901)	(222,959)
Burnie Research Facility expenses		(94,949)	(53,869)
Depreciation and amortisation expense		(36,115)	(189,707)
Employee benefits expense		(509,087)	(341,551)
Engineering and other consultants expenses		(95,032)	(43,911)
Finance costs		(11,310)	(1,044)
Impairment expense		(13,100)	(108,600)
Occupancy expense		(56,148)	(53,425)
Research and development expenses		-	(458)
Treatment expense		(337,415)	(104,209)
Other expenses		(9,142)	(1,388)
Profit/(loss) before income tax from continuing operations		(535,216)	(518,752)
Income tax expense/(benefit)		(4,442)	(217)
Profit/(loss) after tax for the half-year from continuing operations		(530,774)	(518,535)
Profit/(loss) after tax for the half-year from discontinuing operations	4	48,191	(126)
Profit/(loss) after tax for the half-year		(482,583)	(518,661)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of other financial assets		18,100	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the half-year, net of income tax		18,100	-
Total comprehensive income for the half-year		(464,483)	(518,661)
Profit/(loss) for the half-year is attributable to:			
Owners of Intec Ltd		(451,170)	(518,375)
Non-controlling interests		(31,413)	(286)
		(482,583)	(518,661)



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-Year	
	31 December 2014	31 December 2013
	\$	\$
Total comprehensive income is attributable to:		
Continuing operations	(482,160)	(518,312)
Discontinuing operation	49,090	(63)
Owners of Intec Ltd	(433,070)	(518,375)
Continuing operations	(30,514)	(223)
Discontinuing operation	(899)	(63)
Non-controlling interests	(31,413)	(286)
	(464,483)	(518,661)
Earnings per shares for loss from continuing operations attributable to the owners		
Basic Earnings per share (cents per share)	(0.18)	(0.17)
Diluted Earnings per share (cents per share)	(0.18)	(0.17)
Earnings per shares for profit from discontinuing operations attributable to the owners		
Basic Earnings per share (cents per share)	0.02	-
Diluted Earnings per share (cents per share)	0.02	-
Earnings per shares for loss attributable to the owners		
Basic Earnings per share (cents per share)	(0.16)	(0.17)
Diluted Earnings per share (cents per share)	(0.16)	(0.17)

The accompanying notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,315,367	1,747,861
Trade and other receivables		242,812	189,518
Inventories		225,714	194,520
Total current assets		1,783,893	2,131,899
Non-current assets			
Other financial assets	6	57,200	42,200
Plant and equipment	7	211,268	294,587
Intangible assets	2, 8	1,305,178	1,318,845
Total non-current assets		1,573,646	1,655,632
Total assets		3,357,539	3,787,531
LIABILITIES			
Current liabilities			
Trade and other payables		348,740	336,867
Loans and borrowings	9	174,951	137,593
Provisions		72,875	112,732
Total current liabilities		596,566	587,192
Non-current liabilities			
Loans and borrowings	9	64,774	64,774
Deferred tax liability		79,207	83,647
Total non-current liabilities		143,981	148,421
Total liabilities		740,547	735,613
Net assets		2,616,992	3,051,918
Equity			
Contributed equity		71,641,977	71,641,977
Reserves	6, 10	2,671,694	2,624,037
Accumulated losses		(71,853,123)	(71,401,953)
Total equity attributable to equity holders of the Company		2,460,548	2,864,061
Non-controlling interest		156,444	187,857
Total equity		2,616,992	3,051,918

The accompanying notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Share Capital \$	Reserves \$	Accumulated Losses \$	Non-Controlling Interest \$	Total \$
Balance at 1 July 2013	71,641,977	2,624,037	(70,224,008)	962	4,042,968
Loss after income tax expense for the period	-	-	(518,375)	(286)	(518,661)
Recognition of non-controlling interest in Science Developments Pty Ltd	-	-	-	115,697	115,697
Balance at 31 December 2013	<u>71,641,977</u>	<u>2,624,037</u>	<u>(70,742,383)</u>	<u>116,373</u>	<u>3,640,004</u>
	\$	\$	\$	\$	\$
Balance at 1 July 2014	71,641,977	2,624,037	(71,401,953)	187,857	3,051,918
Loss after income tax expense for the period	-	-	(451,170)	(31,413)	(482,583)
Other comprehensive income for the period, net of tax	-	18,100	-	-	18,100
Total comprehensive income for the period	-	18,100	(451,170)	(31,413)	(464,483)
<i>Transactions with owners in their capacity as owners:</i>					
- Share based payments reserve	-	29,557	-	-	29,557
Balance at 31 December 2014	<u>71,641,977</u>	<u>2,671,694</u>	<u>(71,853,123)</u>	<u>156,444</u>	<u>2,616,992</u>

The accompanying notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year	
	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	652,647	385,035
Payments to suppliers and employees	(1,316,940)	(879,349)
Interest paid	(11,310)	(1,044)
Interest received	24,981	57,795
R & D Tax Offset received	-	129,478
Other income received	-	65,769
Income tax refund	20,145	-
Net cash (outflows)/inflows from operating activities	<u>(630,477)</u>	<u>(242,316)</u>
Cash flows from investing activities		
Payment for acquisition of business	-	(1,296,916)
Proceeds from sale or disposal of plant and equipment	183,574	99,000
Payments for plant and equipment	(69,595)	-
Payments for intangibles	(11,832)	-
Proceeds from disposal of investments	50,000	-
Proceeds from security deposits refunded	-	79,539
Net cash inflow/(outflows) from investing activities	<u>152,147</u>	<u>(1,118,377)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	76,664	71,173
Repayment of borrowings	(30,828)	(1,166)
Net cash inflows/(outflows) from financing activities	<u>45,836</u>	<u>70,007</u>
Net decrease/increase in cash and cash equivalents held	(432,494)	(1,290,686)
Cash and cash equivalents at the beginning of the financial period	<u>1,747,861</u>	<u>3,402,821</u>
Cash and cash equivalents at the end of the financial period	<u>1,315,367</u>	<u>2,112,135</u>

The accompanying notes form part of these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This consolidated Financial Report for the half-year to 31 December 2014 is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

For the purpose of preparing the Half-Year Financial Report, the half-year has been treated as a discrete reporting period.

The Half-Year Financial Report is intended to provide users with an update on the latest annual financial statements of Intec Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This consolidated financial report does not include all notes normally included in an Annual Financial Report. 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 2014, together with any public announcements made by Intec Ltd during the half year ended 31 December 2014.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in Note 1B below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

B. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Intec Ltd) 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.

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 profit or loss and other comprehensive income.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. the consideration transferred;
 - ii. any non-controlling interest; and
 - iii. the acquisition date fair value of any previously held equity interest;
- over the acquisition date fair value of net identifiable assets acquired.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 2 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

D. Intangibles Other than Goodwill

Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful lives of 10 years.

E. Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

F. Going Concern Basis

The Half-Year Financial Report has been prepared on a going concern basis.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: BUSINESS COMBINATIONS

On 26 November 2013, the Group acquired 50% of the issued capital of Science Developments Pty Ltd ("SciDev"), 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 \$
Cash	3,185
Receivables	231,077
Inventories	302,361
Property, plant and equipment	117,176
Trademarks (ii)	296,100
Trade Payables	(277,403)
Deffered tax liability	(132,330)
Total	540,166
Net assets acquired at 50%	270,083
Goodwill (i)	1,030,017
Acquisition date: fair value of total consideration	1,300,100
Representing:	
Cash paid	1,300,100
Cash used to acquire business, net of cash received	
Cash paid	1,300,100
Less: cash and cash equivalents	(3,185)
	<u>1,296,915</u>

- (i) The goodwill is attributed to the competitive position of SciDev's product portfolio in wastewater treatment. No amount of goodwill is deductible for tax purposes.
- (ii) Trademarks valued at \$296,100 are being amortised over ten years and amortisation of \$14,805 has been recognised for the half-year ended 31 December 2014 and \$32,077 recognised from the date of acquisition.

NOTE 3: REVENUE

	31 December 2014 \$	31 December 2013 \$
Sales revenue:		
Treatment income	67,022	145,626
Product sales	606,489	125,384
	<u>673,511</u>	<u>271,010</u>
Other revenue:		
Interest received	24,182	50,933
Government subsidies	3,021	129,478
Profit on disposal of non-current assets	114,643	91,430
Sundry income	62,626	59,518
	<u>204,472</u>	<u>331,359</u>
Total revenue from continuing operations	877,983	602,369



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: DISCONTINUED OPERATIONS

On 30 September 2014 the consolidated entity sold its 50% shareholding in Intec International Projects Pty Limited for consideration of \$50,000 resulting in a gain on sale before income tax of \$48,221. 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. Intec International Projects Pty Limited was not trading up to the date of sale and future losses were projected.

Financial performance information

	31 December 2014	31 December 2013
	\$	\$
Administration expense	(30)	(126)
Loss before income tax expense	(30)	(126)
Income tax expense	-	-
Loss after income tax expense	(30)	(126)
Gain on disposal before income tax expense	48,221	-
Income tax expense	-	-
Gain on disposal after income tax expense	48,221	-
Profit (loss) after income tax from discontinued operations	48,191	(126)

Cash flow information

Net cash from (used in) operating activities	(30)	255
Net increase (decrease) in cash from discontinued operations	(30)	255

The proceeds from disposal of \$50,000 were deposited into the parent company.

Carrying amount of assets and liabilities disposed

Cash and cash equivalents	1,785	-
Trade and other payables	(6)	-
Net assets	1,779	-

Details of the disposal

Total sale consideration	50,000	-
Carrying amount of net assets disposed	(1,779)	-
Gain on disposal before tax income	48,221	-
Income tax expense	-	-
Gain on disposal after income tax	48,221	-

NOTE 5: SEGMENT INFORMATION

The Group's primary business segment is the treatment of industrial waste including the manufacture and supply of chemicals for the treatment of waste water.

NOTE 6: OTHER FINANCIAL ASSETS

The Group holds an investment in Bass Metals Ltd (BSM) of 18,100,000 shares. The closing market price at 31 December 2014 was 0.003 cents, which represented an increase in value of the BSM shares to \$54,300. A revaluation of \$18,100 was recorded against the asset revaluation reserve.

The Group also held an investment in Bass Metals Ltd options which expired on 30 September 2014. The value of the options at the time was \$3,100. A loss was therefore recorded in the consolidated statement of profit or loss and other comprehensive income.

NOTE 7: PLANT & EQUIPMENT

Burnie Research Facility

The Burnie Research Facility was decommissioned during the period. The carrying value of the Burnie Research Facility was nil. The proceeds from the disposal of the Burnie Research Facility assets were \$183,574 resulting in a gain on disposal of \$79,339.

NOTE 8: INTANGIBLE ASSETS ACQUIRED

Intangible asset represents a patent acquired during the year for an amount of \$11,832 and is held by Science Developments Pty Ltd. The identifiable intangibles are being amortised over 6 years.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: BORROWINGS

Borrowings consist of a trade finance facility with Westpac Banking Corporation and a motor vehicle finance lease.

NOTE 10: SHARE BASED PAYMENTS

Employee Share Scheme

At the 2014 Annual General Meeting, shareholders approved the Intec Employee Share Scheme (the Scheme). The Scheme replaced the previous Intec Option Plan, which had been approved at the 2001 Annual General Meeting. All directors, employees and consultants are eligible to participate in the Scheme. Options granted under the Scheme to eligible participants are for no additional consideration. Options are granted for a five year period, and vest and are exercisable immediately, unless otherwise stated. Options granted under the Scheme carry no dividend or voting rights. The granting of options is at the Board's discretion and no individual has a contractual right to receive options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2014	Granted during half-year	Lapsed during half-year	Exercised during half-year	Vested & exercisable as at 30 June 2014
09-12-2011 ¹	21-11-2016	\$0.0300	3,300,000	-	-	-	3,300,000
10-12-2014	28-11-2019	\$0.0250	-	5,500,000	-	-	5,500,000
Total Options on issue			3,300,000	5,500,000	-	-	8,800,000

1. Granted under previous Intec Option Plan.

The assessed fair value at grant date of options granted under the Scheme is allocated equally over the period from grant date to vesting date, and the amount is included in remuneration. Fair values at grant date are independently determined using option valuation models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. There were 5,500,000 employee options granted during the half-year (year ending 30 June 2014 – nil). The fair value of the options at grant date was \$29,557.

Shares provided on exercise of remuneration options

No ordinary shares (30 June 2014 - Nil) in the Company were provided as a result of the exercise of remuneration options to eligible participants in the Scheme. Accordingly, there were no expenses arising from share based payment transactions recognised in the statement of comprehensive income.

NOTE 11: EVENTS OCCURRING AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



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DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Intec Ltd.

On behalf of the Board



Kieran G. Rodgers
Managing Director

26 February 2015



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Intec Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Intec Limited, which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Intec Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the consolidated 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 consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Intec Limited, 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 other 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.



Chartered Accountants

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Liability Limited
by a scheme approved
under Professional
Standards Legislation

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Intec Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Intec Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 26 February 2015



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Intec Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Intec Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Frank Vrachas', is written over a light blue circular stamp.

Frank Vrachas
Partner

Rothsay Chartered Accountants

Sydney, 26 February 2015