

# Intec Ltd

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ASX code: INL

Companies Announcements Office  
Australian Securities Exchange

31 August 2016

## **Preliminary 2016 Financial Report (Appendix 4E)**

Intec Ltd provides its Preliminary Final Report in accordance with Appendix 4E for the financial year ended 30 June 2016.

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 2016**



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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Particulars	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Revenues and other income from continuing operations	1,774,210	1,536,962
(Loss) profit for the year attributable to members	(458,130)	(856,446)
	Up 15.4% to	
	Down 46.5% to	
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 \$458,130 and net cash outflows from operations of \$541,397 in the year ended 30 June 2016. At 30 June 2016 the Group had net assets of \$1,766,899 and cash balances of \$478,089.

This Appendix 4E should be read in conjunction with the Half-Year Financial Report of the Group as at 31 December 2015 and the Annual Financial Report of Intec, due to be released in September 2016, for the year ended 30 June 2016. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group since commencement of the 2015/16 financial year on 1 July 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

### Events Occurring after Balance Date

On 22 August 2016, the Company announced that it had agreed a six-month extension to the term i.e. to 28 February 2017, of its option to acquire the remaining 50% of Science Developments Pty Ltd.

No matter or circumstance has arisen since 30 June 2016 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 2016

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Revenue	1,774,210	1,536,962
Administration expense	(307,529)	(435,765)
Burnie Research Facility expenses	-	(100,592)
Depreciation and amortisation expense	(85,763)	(64,071)
Engineering and other consultants' expenses	(147,660)	(166,032)
Employment costs	(701,317)	(848,614)
Finance costs - others	(26,427)	(23,616)
Impairment expense	-	(13,100)
Occupancy expense	(105,137)	(117,981)
Treatment expense	(758,431)	(669,031)
Other expenses	(15,115)	(11,680)
<b>(Loss)/Profit before income tax from continuing operations</b>	<b>(373,169)</b>	<b>(913,520)</b>
Income tax benefit/(expense)	(84,961)	8,883
<b>(Loss)/Profit after tax for the year from continuing operations</b>	<b>(458,130)</b>	<b>(904,637)</b>
<b>Profit/(loss) after tax for the year from discontinued operations</b>	<b>-</b>	<b>48,191</b>
<b>(Loss)/Profit after tax for the year</b>	<b>(458,130)</b>	<b>(856,446)</b>
<b>Other comprehensive income/(loss)</b>		
Items that will not be reclassified subsequently to profit or loss		
Gain on revaluation of other financial assets	22,465	18,100
Reclassification on disposal of available-for-sale financial assets	(40,565)	-
Income tax relating to components of other comprehensive income	-	-
<b>Other comprehensive income for the year, net of income tax</b>	<b>(18,100)</b>	<b>18,100</b>
<b>Total comprehensive income for the year net of tax</b>	<b>(476,230)</b>	<b>(838,346)</b>
<b>(Loss)/Profit attributable to:</b>		
<b>Owners of Intec Ltd</b>	<b>(480,588)</b>	<b>(816,121)</b>
<b>Non-controlling interests</b>	<b>22,458</b>	<b>(40,325)</b>
	<b>(458,130)</b>	<b>(856,446)</b>
<b>Total comprehensive income is attributable to:</b>		
<b>Owners of Intec Ltd</b>	<b>(498,688)</b>	<b>(798,921)</b>
<b>Non-controlling interests</b>	<b>22,458</b>	<b>(40,325)</b>
	<b>(476,230)</b>	<b>(838,346)</b>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/profit per share	(0.15)	(0.27)
Diluted (loss)/profit per share	(0.15)	(0.27)



## Consolidated Statement of Financial Position As at 30 June 2016

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	478,089	926,394
Trade and other receivables	228,533	326,531
Inventories	278,040	255,777
	<u>984,662</u>	<u>1,508,702</u>
<b>Total current assets</b>		
<b>Non current assets</b>		
Other financial assets	2,900	57,200
Plant and equipment	228,545	221,323
Intangible assets	1,269,090	1,288,905
	<u>1,500,535</u>	<u>1,567,428</u>
<b>Total non current assets</b>		
<b>Total assets</b>		
	<u>2,485,197</u>	<u>3,076,130</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	205,136	311,646
Loans and borrowings	236,491	255,466
Provisions	139,466	77,406
	<u>581,093</u>	<u>644,518</u>
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	71,323	113,718
Deferred tax liability	65,882	74,765
Total non-current liabilities	<u>137,205</u>	<u>188,483</u>
<b>Total liabilities</b>		
	<u>718,298</u>	<u>833,001</u>
<b>Net assets</b>		
	<u>1,766,899</u>	<u>2,243,129</u>
<b>EQUITY</b>		
Contributed equity	71,641,977	71,641,977
Reserves	2,653,594	2,671,694
Accumulated losses	(72,698,662)	(72,218,074)
Total equity attributable to equity holders of the Company	<u>1,596,909</u>	<u>2,095,597</u>
Outside equity interest	169,990	147,532
	<u>1,766,899</u>	<u>2,243,129</u>
<b>Total equity</b>		



## Consolidated Statement of Changes in Equity

### For the year ended 30 June 2016

Consolidated	Share Capital	Reserves	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	71,641,977	2,624,037	(71,401,953)	187,857	3,051,918
Loss after income tax expense for the year	-	-	(816,121)	(40,325)	(856,446)
Other comprehensive income for the year					
- Asset revaluation reserve	-	18,100	-	-	18,100
<b>Total comprehensive income for the year</b>	-	18,100	(816,121)	(40,325)	(838,346)
<b>Transactions with owners in their capacity as owners</b>					
Share based payments – options reserve	-	29,557	-	-	29,557
<b>Balance at 30 June 2015</b>	<b>71,641,977</b>	<b>2,671,694</b>	<b>(72,218,074)</b>	<b>147,532</b>	<b>2,243,129</b>
<b>Balance at 1 July 2015</b>	<b>71,641,977</b>	<b>2,671,694</b>	<b>(72,218,074)</b>	<b>147,532</b>	<b>2,243,129</b>
Loss after income tax expense for the year	-	-	(480,588)	22,458	(458,130)
Other comprehensive income for the year					
- Asset revaluation reserve – increase in value	-	22,465	-	-	22,465
- Asset revaluation reserve – assets sold	-	(40,565)	-	-	(40,565)
<b>Total comprehensive income for the year</b>	-	(18,100)	(480,588)	22,458	(476,230)
<b>Balance at 30 June 2016</b>	<b>71,641,977</b>	<b>2,653,594</b>	<b>(72,698,662)</b>	<b>169,990</b>	<b>1,766,899</b>



## Consolidated Statement of Cash Flows

### For the year ended 30 June 2016

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,671,695	1,208,566
Payments to suppliers and employees	(2,268,673)	(2,330,079)
Interest paid	(26,427)	(23,616)
Interest received	18,990	43,900
R&D tax offset received	162,690	-
Income tax (paid) refund	(99,672)	20,144
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(541,397)</b>	<b>(1,081,085)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(58,414)	(115,343)
Proceeds from sale or disposal of property, plant & equipment	-	207,586
Proceeds from disposal of investments	207,531	50,000
Payment for intangibles	(14,756)	(11,834)
<b>Net cash (outflows)/inflows from investing activities</b>	<b>134,361</b>	<b>130,409</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	164,438
Repayment of borrowing	(41,269)	(35,229)
<b>Net cash inflows from financing activities</b>	<b>(41,269)</b>	<b>129,209</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(448,305)</b>	<b>(821,467)</b>
Cash and cash equivalents at the beginning of the financial year	926,394	1,747,861
<b>Cash and cash equivalents at end of year</b>	<b>478,089</b>	<b>926,394</b>



## Reconciliation of cash

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
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	478,089	926,394
<b>Total cash at end of financial year</b>	<b>478,089</b>	<b>926,394</b>
Operating profit/(loss) after income tax	<b>(458,130)</b>	(856,446)
Non-cash items and non-operating cash flows included in statement of comprehensive income		
Depreciation and amortisation	<b>85,763</b>	64,071
Impairments expense	-	13,100
Share based payments	-	29,557
Sale of non-current assets	<b>(171,331)</b>	(164,643)
Fair value movement on inventory	-	-
Deferred tax liability on acquisition	-	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	<b>97,998</b>	(137,013)
Decrease/(increase) in inventories	<b>(22,263)</b>	(61,257)
Increase/(decrease) in trade creditors	<b>(105,510)</b>	(23,494)
Increase/(decrease) in trade finance facility	<b>(20,101)</b>	100,974
Increase/(decrease) in provisions	<b>62,060</b>	(37,052)
Increase/(decrease) in deferred tax liability	<b>(8,883)</b>	(8,882)
Net cash (outflows)/inflows from operating activities	<b>(541,397)</b>	(1,081,085)





## 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)	Not applicable
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:	Not applicable
Date from which such profit (loss) has been calculated:	Not applicable
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

<b>Consolidated accumulated losses</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	<b>(72,218,074)</b>	(71,401,953)
Net profit (loss) attributable to members	<b>(458,130)</b>	(816,121)
Accumulated losses at the end of the financial year	<b>(72,698,662)</b>	(72,218,074)



## Other notes to the condensed financial statements

	30 June 2016	30 June 2015
<b>Ratios</b>		
<b>Profit/(loss) before tax/revenue and other income</b>		
Consolidated profit/(loss) before tax from continuing operations as a percentage of revenue and other income	(21.0) %	(59.4) %
<b>Profit/(loss) after tax/equity interests</b>		
Consolidated net profit/(loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	(30.1) %	(39.9) %
<b>NTA Backing</b>		
Net tangible assets per ordinary share (cents per share)	0.17c	0.32c
<b>Earnings per security (EPS)</b>		
<b>Profit/(loss) per share from continuing operations attributable to ordinary equity holders of the company:</b>		
Basic earnings (loss) per share (cents per share)	(0.15)	(0.30)
Diluted earnings (loss) per share (cents per share)	(0.15)	(0.30)
<b>Profit (loss) per share attributable to ordinary equity holders of the company:</b>		
Basic earnings (loss) per share (cents per share)	(0.15)	(0.27)
Diluted earnings (loss) per share (cents per share)	(0.15)	(0.27)
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 earnings (loss) per share.	308,618,669	304,218,669



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: Basis of Preparation

The financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by 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 Company and controlled entities (the Group) generated an operating loss after income tax of \$458,130 and net cash outflows from operations of \$541,397 in the year ended 30 June 2016. At 30 June 2016 the Group had net assets of \$1,766,899 and cash balances of \$479,089.

These matters give rise to a material uncertainty that may cast doubt whether the Group can continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the Financial Statements. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the Group being successful in the following:

- Commercialisation of the Optiflox® System with resultant increased product sales and technology leasing fees;
- The raising of sufficient capital by way of either additional debt and/or equity capital; and
- The receipt of proceeds from the sale of non-core assets.

The Directors are of the opinion that sufficient additional funding will be secured and are themselves likely to participate in any future equity capital raising. The Financial Report has therefore been prepared on the basis of a going concern. This basis presumes that funds from the above sources will be available to finance future operations, and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

However, the Directors note that if sufficient funds are not raised through the abovementioned sources, the going concern basis may not be appropriate with the result that the group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report.

### 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 2015 and the Annual Financial Report of Intec, due to be released in September 2016, for the year ended 30 June 2016. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group since commencement of the 2015/16 financial year on 1 July 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

### Note 4: Material Factors Affecting the Revenues and Expenses of the Economic Entity for the Current Year

On 22 August 2016, the Company announced that it had agreed a six-month extension to the term i.e. to 28 February 2017, of its option to acquire the remaining 50% of Science Developments Pty Ltd.

No other matters or circumstances have arisen since 30 June 2016 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

31 August 2016



ASX code: INL