

# Intec Ltd

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ASX code: INL

Company Announcements Office  
Australian Securities Exchange

31 January 2017

## Quarterly Activities Report: Appendix 4C – December 2016

Intec Ltd (ASX:INL) (“Intec” or “the Company”) has released its Appendix 4C for the quarter ended 31 December 2016.

The second quarter has been a period of significant progress for Intec with a number of key operational and corporate objectives achieved.

### SciDev Operational Progress

On 7 October 2016, the Company announced that it had agreed an exclusive manufacturing and customer arrangement with Burkert Fluid Control Systems (Burkert), in relation to the OptiFlox® System. Burkert is a German multinational and one of the world’s leading manufacturers of measurement and control systems for liquids and gases. SciDev and Burkert have been working together for approximately 18 months to develop the OptiFlox® System to a commercial ready stage.

Further, SciDev successfully completed a six-month trial at Peabody Energy’s Wilpinjong Mine. Peabody Energy is the world’s largest non-government coal mining company. Following the trial and based on results, SciDev, in collaboration with Burkert, developed the OptiFlox® Mark-2 System, which materially reduces the size of the system but enhances operating and reporting capabilities. The first OptiFlox® Mark-2 System was permanently installed at Wilpinjong during December 2016.

During the first half of the financial year, SciDev has undertaken trials of its chemicals at two other Peabody Energy sites and conducted laboratory testwork on samples from several other coal preparation plants operated by Peabody Energy and other industry participants. The objective of these trials is to identify the most prospective sites for the future installation of OptiFlox® Systems amongst the approximate sixty-five coal preparation plants in Australia.

During the quarter, SciDev also undertook a chemical trial at a major dairy processing facility in regional Victoria. This trial was successful during the quarter and has resulted in a new customer being secured. Discussions are underway with this site in relation to a possible trial of an OptiFlox® System later this calendar year.

### **Zeehan Slag Dump, Tasmania**

Throughout the quarter, the Company maintained ownership of the Zeehan Slag Dump, located 3 kilometres south of Zeehan on the west coast of Tasmania. Intec's title over the slag dump is held via two granted mining leases. The Board and Management continue to evaluate several opportunities to realise value from the asset.

### **Completion of successful share purchase plan and placement**

During the quarter and subsequent, the Company undertook a Conditional Share Placement (Placement) and a Share Purchase Plan (SPP) to raise a total of \$2.1m.

The Placement (see ASX announcement 12 December 2016) raised \$1.5m for the Company through the issue of 125 million new shares to sophisticated and professional investors at a price of \$0.012 per share and was carried out in two stages. The first stage of approximately 45 million shares to raise \$0.54m occurred on 19 December 2016 with the second stage, the issue of approximately 80 million shares to raise \$0.96m, will be finalised this week. As ratified at the Company's recent Extraordinary General Meeting (see ASX announcement 25 January 2017) three of the Company's Directors have taken part in the Placement for an aggregate amount of \$60,000.

To allow all Intec shareholders to participate on the same terms as the Placement, the Company also announced a SPP to raise \$0.6m. The Company was pleased to announce that the SPP was heavily oversubscribed with applications received amounting to \$1,387,396 (see ASX announcement 11 January 2017). The SPP was underwritten to an amount of \$500,000 by Taylor Collison Limited.

Funds raised from the Placement and SPP will be used to exercise the option held over 50% of Science Developments Pty Ltd (SciDev) in order to move to 100% ownership of the business, replace certain SciDev related finance facilities and for ongoing working capital.

As also ratified at the Company's recent Extraordinary General Meeting the Company will be renamed SciDev Ltd after exercising its option to move to 100% ownership.

### **Management Commentary**

Managing Director of Intec, Kieran Rodgers added: "Following the recent Share Purchase Plan and Conditional Placement, Intec is well positioned and sufficiently funded to pursue a number of key growth objectives in the coming months."

The focus over 2017 will be as follows:

- Installation of further OptiFlox® Systems in the Australian coal industry;
- Development of the OptiFlox® System for application in both the dairy and sewerage industries and conducting successful commercial trials as such;
- The identification of international licensing opportunities; and
- Value realisation from the Zeehan Slag Dump.

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 31 December 2016 was \$0.717 million.

**Intec Ltd**

A handwritten signature in blue ink, appearing to read 'Kieran Rodgers', with a horizontal line extending from the end of the signature.

**Kieran Rodgers**  
Managing Director

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Intec Ltd

**ABN**

25 001 150 849

**Quarter ended ("current quarter")**

31 December 2016

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 551                                | 936  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | -                                  | -  |
| (b) suppliers and corporate overheads                     | (535)                              | (812)  |
| (c) advertising and marketing                             | -                                  | -  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (163)                              | (324)  |
| (f) administration and corporate costs                    | -                                  | -  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 1                                  | 3  |
| 1.5 Interest and other costs of finance paid              | (5)                                | (11)   |
| 1.6 Income taxes paid                                     | -                                  | -  |
| 1.7 Government grants and tax incentives                  | -                                  | -  |
| 1.8 Other (provide details if material)                   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(151)</b>                       | <b>(208)</b>                                   |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) property, plant and equipment                         | (63)                               | (67)   |
| (b) businesses (see item 10)                              | -                                  | -  |
| (c) investments   | -                                  | -  |
| (d) intellectual property                                 | -                                  | -  |
| (e) other non-current assets                              | -                                  | -  |
| 2.2 Proceeds from disposal of:                            |                                    |  |
| (a) property, plant and equipment                         | -                                  | -  |
| (b) businesses (see item 10)                              | -                                  | -  |
| (c) investments   | -                                  | -  |
| (d) intellectual property                                 | -                                  | -  |
| (e) other non-current assets                              | -                                  | -  |
| 2.3 Cash flows from loans to other entities               | -                                  | -  |
| 2.4 Dividends received (see note 3)                       | -                                  | -  |
| 2.5 Other (provide details if material)                   | -                                  | -  |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(63)</b>                        | <b>(67)</b>                                    |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>   |                                    |  |
| 3.1   | Proceeds from issues of shares  | 507                                | 507  |
| 3.2   | Proceeds from issue of convertible notes  | -                                  | -  |
| 3.3   | Proceeds from exercise of share options   | -                                  | -  |
| 3.4   | Transaction costs related to issues of shares, convertible notes or options   | -                                  | -  |
| 3.5   | Proceeds from borrowings  | 78                                 | 78   |
| 3.6   | Repayment of borrowings   | (9)                                | (71)   |
| 3.7   | Transaction costs related to loans and borrowings   | -                                  | -  |
| 3.8   | Dividends paid  | -                                  | -  |
| 3.9   | Other (provide details if material)   |                                    |  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b>   | <b>(576)</b>                       | <b>(514)</b>                                   |
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b>  |                                    |  |
| 4.1   | Cash and cash equivalents at beginning of quarter/year to date  | 355                                | 478  |
| 4.2   | Net cash from / (used in) operating activities (item 1.9 above)   | (151)                              | (208)  |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)   | (63)                               | (67)   |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above)  | 576                                | 514  |
| 4.5   | Effect of movement in exchange rates on cash held   | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b>  | <b>717</b>                         | <b>717</b>                                     |
| <b>5.</b>                                   | <b>Reconciliation of cash and cash equivalents</b>  | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b>            |
|   | at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts |                                    |  |
| 5.1   | Bank balances   | 118                                | 62   |
| 5.2   | Call deposits   | 599                                | 293  |
| 5.3   | Bank overdrafts   | -                                  | -  |
| 5.4   | Other (provide details)   | -                                  | -  |
| <b>5.5</b>                                  | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                      | <b>717</b>                         | <b>355</b>                                     |

|  |                                    |
|--|------------------------------------|
| <b>6. Payments to directors of the entity and their associates</b>                                       | <b>Current quarter<br/>\$A'000</b> |
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 82                                 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                                    |

Directors fees are at normal commercial rates.

|  |                                    |
|--|------------------------------------|
| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | 66                                 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

|  |   |  |
|--|---|--|
| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
| 8.1 Loan facilities  | 250   | 224  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

Trade finance facility


|  |                |
|--|----------------|
| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
| 9.1 Research and development                       |                |
| 9.2 Suppliers and corporate overheads              | 300            |
| 9.3 Advertising and marketing                      |                |
| 9.4 Leased assets                                  |                |
| 9.5 Staff costs                                    | 165            |
| 9.6 Administration and corporate costs             |                |
| 9.7 Other (provide details if material)            |                |
| <b>9.8 Total estimated cash outflows</b>           | <b>465</b>     |

|  |                     |                  |
|--|---------------------|------------------|
| <b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b> | <b>Disposals</b> |
| 10.1 Name of entity  | -                   | -                |
| 10.2 Place of incorporation or registration  | -                   | -                |
| 10.3 Consideration for acquisition or disposal   | -                   | -                |
| 10.4 Total net assets  | -                   | -                |
| 10.5 Nature of business  | -                   | -                |

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
(Director)

31 January 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.