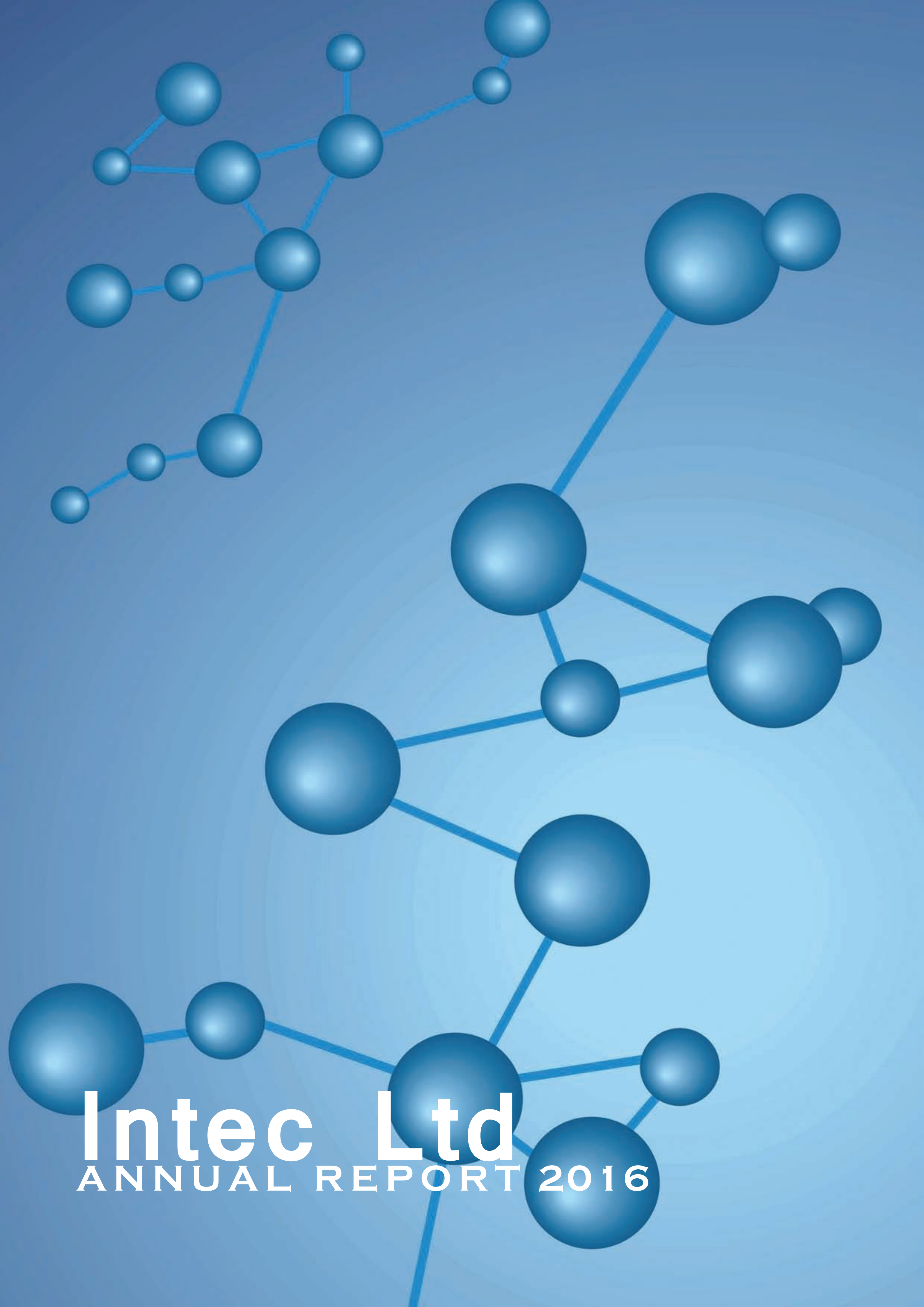


Intec Ltd

ANNUAL REPORT 2016

Contents

Letter from the Chairman and Managing Director

Dear Intec Shareholder

28 October 2016

This is Intec Ltd's (Intec) or the Company('s), fifteenth Annual Report since listing on the Australian Securities Exchange (ASX) and includes the audited financial statements for the financial year ending 30 June 2016.

For the 2015/16 financial year, the Company recorded a loss after tax of $0.458 million compared to a loss after tax of $0.856 million for the previous financial year. Net cash outflows from operating activities decreased to $0.541 million compared with $1.081 million for the prior year.

The Company's principal activity is its 50% ownership in Science Developments Pty Ltd (SciDev). SciDev is a Sydney-based company that develops, manufactures and supplies coagulants and flocculants for wastewater treatment and sludge dewatering. Key achievements of SciDev during the year included:

- Maintenance of its existing customer base in dairy manufacturing, quarrying, metalliferous mining, water treatment associated with coal-seam gas extraction and industrial waste treatment;
- A successful trial of the OptiFlox® System, on which a patent is pending, at Peabody Energy's Wilpinjong thermal coal mine in NSW; and
- Based on experience gained during the Wilpinjong trial, a Mark 2 version of the OptiFlox® System has been designed.

Subsequent to 30 June 2016, Intec agreed a six-month extension to the term i.e. to 28 February 2017, of its option to acquire the remaining 50% of SciDev.

In addition, SciDev agreed an exclusive manufacturing and customer arrangement with Burkert Fluid Control Systems, a German multinational, in relation to the OptiFlox® System. The first order for the Mark 2 OptiFlox® System has been placed with Burkert and this system will be installed at Wilpinjong in mid-December with the existing system proposed to be re-located to another site. Furthermore, SciDev is currently finalising with Peabody Energy a contract for the long-term supply of the OptiFlox® System and associated chemicals at Wilpinjong.

The trial at Wilpinjong of the OptiFlox® System was challenging and took longer than originally expected. However, management is now confident that the OptiFlox® System will provide productivity benefits to clients and future revenue and profit growth for Intec shareholders.

The objectives for the current year are as follows:

- Installation of OptiFlox® Systems in other Peabody Energy sites where trials of SciDev chemicals have already taken place;
- Rollout of the OptiFlox® System to other participants in the Australian coal industry;
- The identification of international licensing opportunities for the OptiFlox® System; and
- Undertaking necessary development work to demonstrate the application of the OptiFlox® System to other industries such as sewage and dairy processing.

Yours sincerely

Trevor A Jones
Chairman

Kieran G Rodgers
Managing Director

Review of Operations

For the 2015/16 financial year, the Company recorded a loss after tax of $0.458 million compared to a loss after tax of $0.856 million for the previous financial year. Net cash outflows from operating activities decreased to $0.541 million compared with $1.081 million for the prior year. Revenue from operations increased to $1.774 million compared with $1.537 million for the 2014/15 financial year.

Science Developments Pty Ltd (SciDev)

The Company's principal activity is its 50% ownership in Science Developments Pty Ltd (SciDev). The Company holds an option to acquire the remaining 50% of SciDev prior to 28 February 2017, based on an agreed formula related to future profitability.

SciDev develops, manufactures and supplies coagulants and flocculants for wastewater treatment and sludge dewatering. During the 2015/16 financial year, SciDev recorded a profit after tax of $0.066 million compared with a loss for the previous year. Key achievements of SciDev during the year included:

- Maintenance of its existing customer base in dairy manufacturing, quarrying, metalliferous mining and water treatment associated with coal-seam gasextraction:

- Continued sales to New Zealand via the exclusive distribution agreement with Apex Environmental Ltd; and

- A successful trial of the OptiFlox® System at Peabody Energy's Wilpinjong thermal coal mine in NSW.

SciDev's products can be categorised into the following three broad groups:

1. Aqueous cationic coagulants;
2. Aqueous flocculent concentrates; and
3. Polyacrylamide powders and emulsions.

These products are supplied to the market through a combination of both local manufacture and imports. SciDev is best known within specific industry sectors by its registered brand names; DairyFlox®, MaxiFlox and OptiFlox®.

DairyFlox®
For dairy processing businesses, the DairyFlox® coagulant/flocculent range delivers optimum performance in the treatment of wastewater streams at a treatment cost unmatched in the market. DairyFlox® provides cost savings through its unique efficacy across a broad pH range and dewatering capabilities to minimise sludge volumes.

MaxiFlox®
For industry participants in the quarrying and metalliferous mining sectors the MaxiFlox® coagulant/flocculent range delivers optimum performance in the treatment of wastewater streams at a market leading treatment cost.

OptiFlox®

The OptiFlox® system, and associated coagulants, was specifically designed to address the issue of very turbid water flowing from a thickener in a Coal Handling and Preparation Plant (CHPP). CHPP plants continually experience slurry flows that do not remain homogeneous. The types and concentrations of the particles in such slurries vary significantly as coal extraction moves from one pit to another within the mine site. This variation in the loading and composition of the material can cause ineffective chemical usage and inadequate control/clarification which cannot be solved by today's conventional optical sensing devices commonly installed in thickeners.

Highly turbid or 'blackwater' events can therefore occur resulting in the CHPP shutting down and production slowing or ceasing. Substantial losses in productivity and revenue can therefore result. The value of lost revenue due to productivity losses from inadequate wastewater clarification is estimated to range from $1.6M to $10M per annum depending on the size of the operation.

Developed by SciDev, the OptiFlox® system addresses this issue by continuously measuring in real time the appropriate particle characteristics of the slurry entering the thickener. As a result, the OptiFlox® system automatically determines and maintains the optimal coagulant dose rate required even when the characteristics of the slurry feed to the thickener continually change. Optimal flocculation conditions are thereby maintained to enable consistent and reliable clarified water to be produced for re-use in the CHPP.

The OptiFlox® System enables coal productivity to be maximised through minimising the number of shutdowns caused by the return of excessively turbid water to the CHPP. Further benefits in the form of increased yields, reduced magnetite consumption, improved underflow dewatering and chemical cost savings may also be realised through optimal thickener performance.

During the year, a six-month commercial trial of the Optiflox® system was undertaken at Peabody Energy's Wilpinjong thermal coal mine in the Western Coalfields of NSW. The terms of the commercial trial included the receipt of licensing fees and revenue from associated Optiflox® coagulant product sales.

The Mark 1 version of the OptiFlox® System employed in the Wilpinjong trial is shown below. The Mark 1 OptiFlox® system consists of two skids, referred to as the OptiFlox® skid and the Pump skid.

OptiFlox® skid

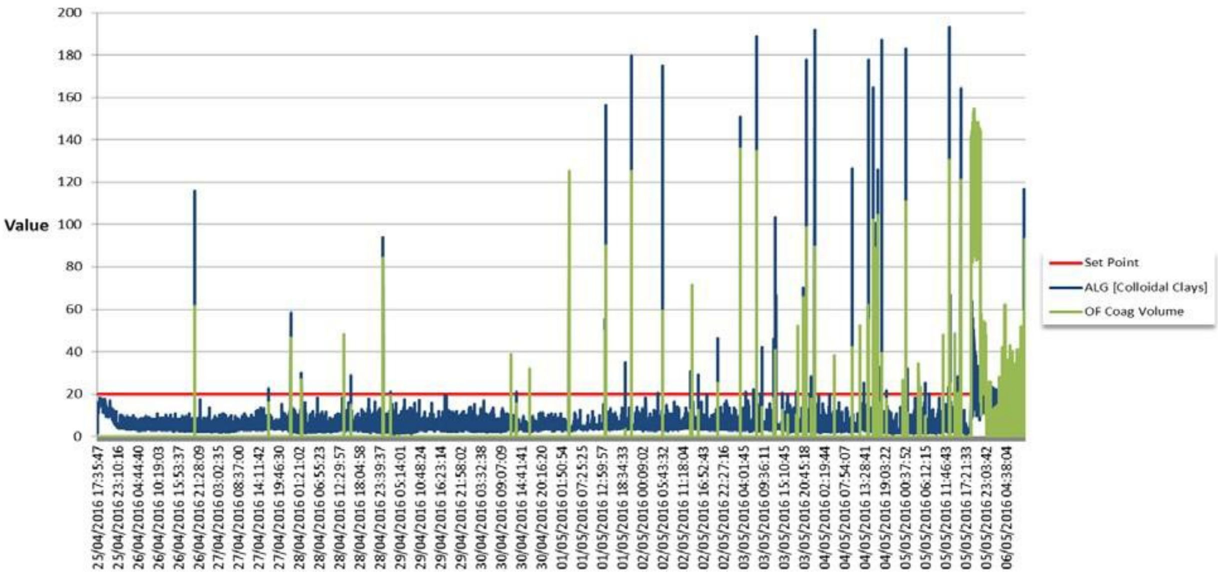
Pump skid

The OptiFlox® skid houses all necessary instrumentation to provide for continuous measurement of key particle characteristics of the coal slurry in order to enable optimised real-time dosing of SciDev coagulant and real-time data capture. The role of the pump skid is to draw a continuous sample from the thickeners' centre well and pump to the OptiFlox® skid, which is located at the side of the thickener.

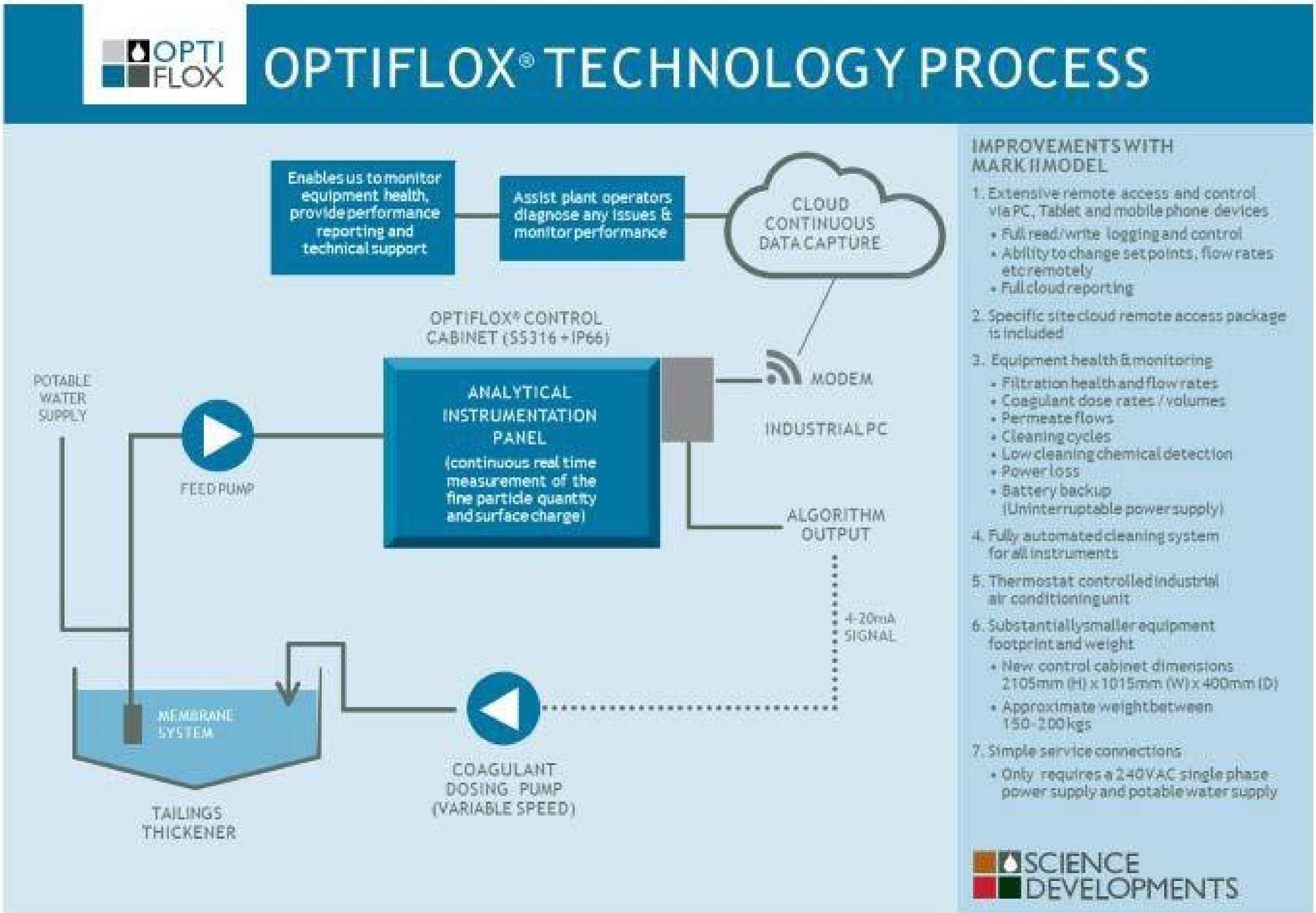
Like all R & D projects, the move from laboratory and bench scale testwork to installation and full-time operation at an industry site resulted in many challenges and adjustments to the original design. However, the Wilpinjong trial of the OptiFlox® System demonstrated its ability to continuously measure in real time the appropriate particle characteristics of coal tailings in order to:

- Determine when to dose coagulant;
- What quantity of coagulant to dose; and
- When to stop dosing coagulant.

The figure below illustrates the real time data capture and consequent dosing of OptiFlox® coagulant at Wilpinjong in order to maintain water quality in the thickener at a pre-determined level.



Based on the experience gained from the Wilpinjong trial, a Mark 2 OptiFlox® system was designed and the first order for the Mark 2 OptiFlox® system has now been placed. The improvements of the Mark 2 OptiFlox® system are described below.



Zeehan Slag Dump

The Company maintains ownership of a Mining Lease (ML) and a Retention Licence (RL) over the Zeehan Slag Dump, located 3 kilometres south of Zeehan on the Tasmanian West Coast. The slag dump comprises zinc-bearing residues from an historic lead smelter previously operated at the site. The slag dump, based on historical records, contains approximately 430,000 tonnes at a grade of approximately 14% zinc. Note that this estimate of tonnage and grade is not compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The annual holding costs of the ML and RL are less than $15,000 and the financial assurance lodged with the Tasmanian Government amounts to $10,800.

The Company is currently in the process of converting its Retention Licence into a Mining Lease and thus holding one Mining Lease over the entire Zeehan Slag Dump. This conversion will not result in either any additional holding costs or increase in the financial assurance amount and will reduce reporting requirements.

As the zinc-bearing slag material cannot be upgraded via flotation etc., the options to derive value from the Zeehan Slag Dump comprise:

1. Direct shipping parcels of the slag to processing facilities, principally overseas, capable of treating the slag. For this option to be economic, a US$ zinc price higher than current levels (approximately US$2,300 per tonne) is required; and
2. The sale of the Mining Leases to another party.

During the year and subsequently, the Company has received several approaches along the lines described above and continues to evaluate opportunities to realise value from its ownership of the Zeehan Slag Dump.

Other

During the year, the Company sold all its shareholding in Bass Metals Ltd but retains its ownership of a 2.5% net smelter royalty in relation to base metals extracted from several tenements in the Hellyer-Que River region of Tasmania.

Corporate Governance

The Company's Corporate Governance Statement and ASX Appendix 4G will be released to ASX on the same day as the Annual Report is released. The Company's Corporate Governance Statement and the Company's Corporate Governance Manual can both be found on the Company's website at www.intec.com.au.

Directors' Report

The Directors present their report, together with the financial statements, on the Intec Group of Companies (referred to hereafter as the 'Group') consisting of Intec Ltd ('Intec' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report. No Intec Director is either currently a Director of another ASX listed Company or has been a Director of any other ASX-listed Company in the last 3 years.

- Trevor A Jones
- Kieran G Rodgers
- Daniel (Don) Joseph Cronin

Principal Activities

The principal activity of the Group is its 50% interest in Science Developments Pty Ltd, a manufacturer and supplier of organic chemicals for industrial wastewater treatment.

Dividends Paid or Recommended

No dividends have been paid to members during the financial year and no recommendation is made as to the payment of dividends.

Significant Changes in the State of Affairs

There has been no significant change in the state of affairs of the Company either during the financial year or since year end.

Events Subsequent to the End of the Reporting Period

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.

There are no other matters or circumstances that have arisen since 30 June 2016 that have 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.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the State of Tasmania. The Group is at all times in full environmental compliance with the conditions of its licences.

Information on Directors

Name:	Trevor A Jones
Title:	Chairman
Qualifications:	B.Comm. (Melb)
Experience and expertise:	Mr. Jones has spent over 30 years working in the finance industry in Australia, United Kingdom and the USA. During this time, he has held senior executive positions in investment funds management, stockbroking and corporate finance, and gained a broad experience of capital structuring and capital raising, particularly in the mining sector. Mr. Jones was manager of equity portfolios for Shell Australia and National Employers Mutual in the United Kingdom. He was a Director of County NatWest Securities Australia Limited in London and then Director of Corporate Finance with Westpac Institutional Bank in Sydney. More recently Mr. Jones was the Sydney Chief Executive for Melbourne-based Austock Group and was Chairman of both its Corporate Finance and Investment Management divisions. He was appointed as a Non-executive Director of Intec on 28 February 2007.
Special responsibilities:	Chairman of the Corporate Governance Committee and a member of the Audit Committee and the Nomination and Remuneration Committee

Name:	Kieran G Rodgers
Title:	Managing Director
Qualifications:	B.E. (Hons.) Min. (UNSW), M.B.A. (IMD)
Experience and expertise:	Mr. Rodgers joined Intec in March 2001 after 13 years of experience in merchant banking and financial consulting, principally at Resource Finance Corporation Ltd, which specifically focused on the Australian and international resources industry. He was appointed as an Executive Director of Intec on 28 February 2007. Mr. Rodgers was appointed Managing Director on 6 February 2012.
Special responsibilities:	Member of the Corporate Governance Committee

Name:	Daniel (Don) Joseph Cronin
Title:	Non-executive Director
Qualifications:	B.E. (Uni. College, Cork) M.Sc. (Southampton), MBA (LBS)
Experience and expertise:	Mr. Cronin was appointed to the Board of Intec on 26 November 2013. Mr. Cronin began his career as an Engineer with the British consulting firm Halcrow, working for 6 years in the UK and South America. This was followed by 5 years working in project management with the construction Company Gammon in Hong Kong and Singapore. Following completion of an MBA degree, he was employed in the chemical industry for 23 years, initially with Sandoz and later with Degussa and BASF. He has worked in senior general management roles in Zurich, Sydney and Singapore. His most recent position was Senior Vice President – Construction Chemicals for BASF with responsibility for Europe, Middle East and Africa.
Special responsibilities:	Chairman of the Audit Committee and a member of the Corporate Governance Committee and the Nomination and Remuneration Committee

Company Secretary

Name:	Robert J Waring
Qualifications:	B.Ec. (Syd), C.A., F.C.I.S., F.Fin., F.A.I.C.D, MAusIMM
Experience and expertise:	Mr Waring was appointed to the position of Company Secretary of Intec in December 1998 and has over 40 years' experience in financial and corporate roles including over 20 years in Company secretarial roles for ASX-listed companies and 18 years as a Director of ASX-listed companies. He is a Director of Oakhill Hamilton Pty Ltd, which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees					
			Audit		Corporate Governance		Nomination and Remuneration	
	A	**B**	A	B	A	B	A	B
T A Jones	7	7	2	2	1	1	1	1
K G Rodgers	7	7	*	*	1	1	*	*
D J Cronin	7	7	2	2	1	1	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office or was a member of the committee during the year.
* Not a member of the relevant committee during the period.

Remuneration Report

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration;
B Details of remuneration;
C Service agreements and letters of employment;
D Share based compensation;
E Shareholdings of Directors and key management personnel; and
F Additional information.

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

A Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Group's executive reward framework is to ensure that the reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of financial objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive. The framework provides for a mix of fixed pay and also variable pay and includes long term incentives, when appropriate. There is no defined relationship between Company performance and remuneration at this point in time. However, the matter is under continual review. The fixed proportion of remuneration is currently 100%. The Board has established a nomination and remuneration committee which provides advice on remuneration and incentive policies and practices and makes specific recommendations on remuneration packages and other terms of employment for the Managing Director, other senior executives and Non-Executive Directors. The Corporate Governance Statement provides further information on the role of this Committee.

Non-Executive Directors

Fees and payments to the Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non–Executive Directors. The Board undertakes a review of Non-Executive Directors' fees and payments annually.

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' cash remuneration limit, which is periodically recommended for approval by shareholders. The current limit of $400,000 was approved by shareholders at the 2007 Annual General Meeting held on 14 November 2007. In addition, Non-Executive Directors are able to participate in issues of options pursuant to the Intec Employee Share Scheme. The value of any options granted to Non-Executive Directors are not included in the aggregate cash remuneration limit as they are not cash based payments.

Executive pay
The executive pay and reward framework has two components, which together comprise the executive's total remuneration

- base pay, superannuation and non-monetary benefits; and
- long term incentives through participation in the Intec Employee Share Scheme.

Base pay
Base pay is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay that comprises a fixed component of cash salary and superannuation. Base pay for each senior executive is reviewed annually to ensure the executive's pay is competitive with the market. There is no guaranteed base pay increase included in any executive's contract.

Intec Employee Share Scheme
Information on the Intec Employee Share Scheme is set out in note 21. Participation in the Intec Employee Share Scheme is at the discretion of the Board and there is no guarantee of annual participation by any executive.

B Details of Remuneration
Amounts of remuneration
Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Intec and the Group are set out in the tables below.

2016	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,444	-	-	-	6,597	-	76,041
D J Cronin	45,000	7,000	-	-	4,275	-	56,275
Sub-total	**114,444**	**7,000**	**-**	**-**	**10,872**	**-**	**132,316**
Executive Director							
K G Rodgers	215,000	-	16,329	-	20,425	-	251,754
Sub-total	**215,000**	**-**	**16,329**	**-**	**20,425**	**-**	**251,754**
Total	**329,444**	**7,000**	**16,329**	**-**	**31,297**	**-**	**384,070**

2015	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,444	-	-	-	6,597	5,374	81,415
D J Cronin	45,000	27,032	-	-	4,275	10,748	87,055
Sub-total	**114,444**	**27,032**	**-**	**-**	**10,872**	**16,122**	**168,470**
Executive Director							
K G Rodgers	215,000	-	16,329	-	20,425	10,748	262,502
Sub-total	**215,000**	**-**	**16,329**	**-**	**20,425**	**10,748**	**262,502**
KMP							
A J Randall*	29,474	-	-	**110,292**	3,254	-	143,020
Sub-total	**29,474**	**-**	**-**	**110,292**	**3,254**	**-**	**143,020**
Total	**358,918**	**27,032**	**16,329**	**110,292**	**34,551**	**26,870**	**573,992**

*Ceased employment during year ended 30 June 2015.

C Service Agreements and Letters of Employment

Remuneration and other terms of employment for the Managing Director and other specified executives are formalised in service agreements. Each of these service agreements and letters of employment provides for the provision of long service leave to accrue at a rate of 0.87 weeks per year up to 10 years' service and 2 weeks per year for each additional year of service, and participation in the Intec Employee Share Scheme. Each service agreement provides the remuneration rate to be paid to the employee. All salaries are paid monthly by direct bank deposit. Full details of remuneration paid are included in the table in part B of this note. Other major provisions relating to executive remuneration are set out below.

	Start Date	Term of Agreement	Base Salary at 1 July 2016 $	Notice period for employee (months)	Termination compensation
Executive Director					
K G Rodgers	1 March 2015	3 years	215,000	6	6 months' salary

D Share Based Compensation

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 2015	Granted during year	Lapsed during year	Exercised during year	Vested & exercisable as at 30 June 2016
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			8,800,000	**-**	**-**	**-**	**8,800,000**

1. Granted under previous Intec Option Plan.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Intec and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Intec. Further information on the options is set out in note 21.

2016 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	1,400,000	-	-	-	1,400,000	1,400,000
K G Rodgers	3,200,000	-	-	-	3,200,000	3,200,000
D J Cronin	2,000,000	-	-	-	2,000,000	2,000,000
Other key management personnel of the Group						
A J Randall[1]	400,000	-	-	-	400,000	400,000

1. Ceased employment during year ended 30 June 2015.

2015 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	400,000	1,000,000	-	-	1,400,000	1,400,000
K G Rodgers	1,200,000	2,000,000	-	-	3,200,000	3,200,000
D J Cronin	-	2,000,000	-	-	2,000,000	2,000,000
Other key management personnel of the Group						
A J Randall[1]	400,000	-	-	-	400,000	400,000

1. Ceased employment during year ended 30 June 2015.

The assessed fair value at grant date of options granted to individuals is included in the remuneration tables above, if a grant of options has taken place during the period. Fair values at grant date are determined using share option valuation models that take into account the exercise price, the term of the option, 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 no options granted in the twelve (12) months to 30 June 2016 (2015: 5,500,000).

Shares provided on exercise of remuneration options
No ordinary shares in the Company were provided as a result of the exercise of remuneration options by a Director of Intec (2015: Nil). No options were exercised by any key management personnel of the Group (2015: Nil).

Shares under option
Unissued ordinary shares of Intec under option at the date of this report are shown in note 21.

Shares issued on the exercise of options
No ordinary shares of Intec were issued during the year ended 30 June 2016 on the exercise of options granted under the Intec Employee Share Scheme. No further shares have been issued on the exercise of options since that date.

E Shareholdings of Directors and Key Management Personnel

The number of shares in the Company held at the end of the financial year by each Director of the Company and other key management personnel of the Group, including personally related parties, are set out below.

2016 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	2,832,777	-	-	2,832,777
K G Rodgers	20,004,623	-	-	20,004,623
D J Cronin	3,000,000	-	-	3,000,000

2015 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	268,954	-	2,563,823	2,832,777
K G Rodgers	18,904,624	-	1,099,999	20,004,623
D J Cronin	2,000,000	-	1,000,000	3,000,000
Other key management personnel of the Group				
A J Randall[1]	-	-	-	-

1. Ceased employment during year ended 30 June 2015.

F Additional Information

In the five years since 1 July 2011, Directors' and key management personnel total remuneration has decreased by an average of 9.52% per annum principally due to a reduction in the number of executive and non-executive Directors. The relationship between Remuneration Policy and Company Performance is shown below.

	2012	**2013**	**2014**	**2015**	**2016**
Revenue - million	$2.825	$1.066	$1.281	$1.536	$1.774
Net Profit - million	($1.855)	($2.626)	($1.261)	($0.856)	($0.458)
Share price at Year-End	$0.007	$0.006	$0.008	$0.007	$0.004
Dividends Paid per share	$0.0	$0.0	$0.0	$0.0	$0.0

This concludes the Remuneration Report, which has been audited.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contact to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contact of insurance prohibits disclosure of the nature of the liability and amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contact to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Auditor
Rothsay Chartered Accountants (Rothsay) continues in office in accordance with section 327 of the *Corporations Act 2001*. Rothsay only provided audit and audit review services during the financial year for total fees of $29,500.

Authorisation

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Kieran Rodgers
Managing Director

Sydney
30 September 2016

ROTHSAY
CHARTERED ACCOUNTANTS

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

As lead auditor of Intec Limited for the year ended 30 June 2016, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to theaudit.

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

Frank Vrachas

Partner

Rothsay Chartered Accountants

Sydney, 30 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	30 June 2016	30 June 2015
		$	$
Revenue from continuing operations	5	**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	6	**-**	(13,100)
Occupancy expense	6	**(105,137)**	(117,981)
Treatment expense		**(758,431)**	(669,031)
Other expenses		**(15,115)**	(11,680)
Profit / (loss) before income tax from continuing operations		**(373,169)**	(913,520)
Income tax benefit/(expense)	7	**(84,961)**	8,883
Profit / (loss) after tax for the year from continuing operations		**(458,130)**	(904,637)
Profit / (loss) after tax for the year from discontinuing operations	3	**-**	48,191
Profit / (loss) after tax for the year		**(458,130)**	(856,446)
Other comprehensive income/(loss)			
Items that will 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		**-**	-
Other comprehensive income / (loss) for the year, net of income tax		**(18,100)**	18,100
Total comprehensive income/(loss) for the year		**(476,230)**	(838,346)
Profit/(loss) for the year is attributable to:			
Owners of Intec Ltd		**(480,588)**	(816,121)
Non-controlling interests		**22,458**	(40,325)
		(458,130)	(856,446)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Total comprehensive income / (loss) is attributable to:			
Continuing operations		**(498,688)**	(847,112)
Discontinuing operation		**-**	49,091
Owners of Intec Ltd		**(498,688)**	(798,021)
Continuing operations		**22,458**	(39,425)
Discontinuing operation		**-**	(900)
Non-controlling interest		**22,458**	(40,325)
		(476,230)	(838,346)
Earnings per shares for loss from continuing operations attributable to the owners			
Basic Earnings and Diluted Earnings per share (cents per share)	20	**(0.15)**	(0.30)
Earnings per shares for loss from discontinuing operations attributable to the owners			
Basic Earnings and Diluted Earnings per share (cents per share)		**-**	0.02
Earnings per shares for loss attributable to the owners			
Basic Earnings and Diluted Earnings per share (cents per share)		**(0.15)**	(0.27)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents	22(b)	**478,089**	926,394
Trade and other receivables	8	**228,533**	326,531
Inventories	9	**278,040**	255,777
Total current assets		**984,662**	1,508,702
Non-current assets			
Other financial assets	10	**2,900**	57,200
Plant and equipment	11	**228,545**	221,323
Intangible assets	12	**1,269,090**	1,288,905
Total non-current assets		**1,500,535**	1,567,428
Total assets		**2,485,197**	3,076,130
LIABILITIES			
Current liabilities			
Trade and other payables	13	**205,136**	277,754
Borrowings	14	**236,491**	255,466
Provisions	15	**139,466**	111,298
Total current liabilities		**581,093**	644,518
Non-current liabilities			
Loans and borrowings	14	**71,323**	113,718
Deferred tax liability	7	**65,882**	74,765
Total non-current liabilities		**137,205**	188,483
Total liabilities		**718,298**	833,001
Net assets		**1,766,899**	2,243,129
EQUITY			
Contributed equity	16	**71,641,977**	71,641,977
Reserves	17	**2,653,594**	2,671,694
Accumulated losses		**(72,698,662)**	(72,218,074)
Total equity attributable to equity holders of the Company		**1,596,909**	2,095,597
Outside equity interest	18	**169,990**	147,532
Total equity		**1,766,899**	2,243,129

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

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

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers (Inclusive of GST)		**1,671,695**	1,208,566
Payments to suppliers and employees (Inclusive of GST)		**(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
Net cash (outflows) / inflows from operating activities	22	**(541,397)**	(1,081,085)
Cash flows from investing activities			
Payments for plant and equipment		**(58,414)**	(115,343)
Proceeds from sale or disposal of property, plant & equipment		**-**	207,586
Proceeds from disposal of other financial assets		**207,531**	50,000
Payment for intangibles		**(14,756)**	(11,834)
Net cash (outflows) / inflows from investing activities		**134,361**	130,409
Cash flows from financing activities			
Proceeds from borrowings		**-**	164,438
Repayment of borrowing		**(41,269)**	(35,229)
Net cash (outflows) / inflows from financing activities		**(41,269)**	129,209
Net (decrease) / increase in cash and cash equivalents		**(448,305)**	(821,467)
Cash and cash equivalents at the beginning of the financial year		**926,394**	1,747,861
Cash and cash equivalents at end of year		**478,089**	926,394

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements 30 June 2016

1 Summary of significant accounting policies

These consolidated financial statements and notes represent those of Intec Ltd and controlled entities (‘Consolidated Group’ or ‘Group’). The separate financial statements of the parent entity, Intec Ltd, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001* effective from 28 June 2010.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared on an accruals basis and are prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the relevant note.

Functional and presentation currency
Items included in the financial statements of each of the Group’s entities are measured in Australian dollars and the consolidated financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency.

Going concern
The Company and controlled entities (the Group) generated an operating loss after income tax of $458,130 (2015: $856,446) and net cash outflows from operations of $541,397 (2015: $1,081,085) in the year ended 30 June 2016. At 30 June 2016, the Group had net assets of $1,766,899 (2015: $2,243,129) and cash balances of $479,089 (2015: $926,394).

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 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 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.

1 Summary of significant accounting policies - continued

Accounting policies
Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported. The Group has adopted relevant new and revised accounting standards and pronouncements with no material impact to the financial statements.

(b) Fair value measurement
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(c) Financial instruments

(i) Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and subsequent measurement
Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

1 Summary of significant accounting policies - continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(iii) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iv) Financial liabilities
Financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(v) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

(vi) Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(vii) Financial guarantees
Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(viii) De-recognition
Financial assets are de-recognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Provisions
Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, it is probably the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

1 Summary of significant accounting policies - continued

(ii) Provisions for legal claims
Provisions for legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

(iii) Provisions for close down and restoration and for environmental clean-up costs
Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbances occurs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise on the basis of a closure plan.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

(e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(f) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases (Note 14), which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

(g) New Accounting Standards and interpretations
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will

1 Summary of significant accounting policies – continued
(g) New Accounting Standards and interpretations - continued

recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

2 Financial instruments and financial risk management

The Group's activities expose it to a variety of financial instruments with financial risks. The Group’s financial instruments are:

	Consolidated Carrying amount	
	2016	**2015**
Financial assets	**$**	**$**
Cash and cash equivalents	**478,089**	926,394
Receivables (Note 8)	**214,987**	320,569
Other financial assets (Note 10)	**2,900**	57,200
	695,976	1,304,163
Financial liabilities		
Trade and Other Payables (Note 13)	**205,136**	277,754
Loans and borrowings (Note 14)	**307,814**	369,184
	512,950	646,938

2 Financial instruments and financial risk management – continued

The financial risks associated with the financial instruments and the business are market risk (including currency, cash flow, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential

adverse effects on the financial performance of the Group. Risk management is carried out by Company management and the Board of Directors. Financial risks are identified and evaluated and, where considered necessary, strategies are put in place to investigate and/or minimise such risks.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group has a trade finance facility utilised for the purchase of US$ denominated invoices. Purchases through the facility are transacted at the prevailing spot A$/US$ exchange rate and the outstanding amount under the facility is always denominated in A$. The Group has not entered into any foreign currency hedging contracts during the year.

(b) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. The Group has policies in place to ensure that sales of product are made to customers with an appropriate credit history. There is limited credit risk on financial assets of the Group since there is limited exposure to individual customers and the Group's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the statement of financial position. Deposits and financial arrangements are held in high rated financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities.

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group's surplus funds are also managed centrally by placing them with reputable financial institutions.

The risk implied from the values shown in the following table, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations such as property, plant and equipment and investments in working capital, inventories and trade receivables.

(d) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Interest rate exposure and maturity analysis of financial assets

Consolidated			*Interest rate exposure*				*Credit Risk*	
2016	*Weighted average effective interest rate %*	*Carrying amount*	*Fixed interest rate*	*Variable interest rate*	*Non-interest bearing*	*Nominal amount*	*Less than 12 months*	*1-5 years*
Cash and cash equivalents	**2.38**	**478,089**	**-**	**478,089**	**-**	**-**	**478,089**	**-**
Receivables		**214,987**	**-**	**-**	**214,987**	**-**	**189,797**	**25,190**
Available for sale financial assets at cost, unlisted investments		**2,900**	**-**	**-**	**2,900**	**-**	**2,900**	**-**
		695,976	**-**	**478,089**	**217,887**	**-**	**670,786**	**25,190**
Payables:								
Trade creditors & accruals		**205,136**	**-**	**-**	**205,136**	**-**	**205,136**	**-**
Loans and borrowings	**6.00**	**307,814**	**-**	**307,814**	**-**	**-**	**236,491**	**71,323**
		512,950	**-**	**307,814**	**205,136**	**-**	**441,627**	**71,323**

2 Financial instruments and financial risk management – continued

Consolidated 2015	Weighted average effective interest rate %	Carrying amount	Interest rate exposure: Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Credit Risk: Less than 12 months	1-5 years
Cash and cash equivalents	2.69	926,394	-	926,394	-	-	926,394	-
Receivables	-	320,569	-	-	320,569	-	304,036	16,533
Available for sale financial assets at cost, unlisted investments	-	57,200	-	-	57,200	-	57,200	-
		1,304,163	-	926,394	377,769	-	1,287,630	16,533
Payables:								
Trade creditors & accruals	-	277,754	-	-	277,754	-	277,754	-
Loans and borrowings	6.00	369,184	-	369,184	-	-	255,466	113,718
		646,938	-	369,184	277,754	-	533,220	113,718

(e) Fair value

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flowanalysis.

The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
2016				
Available for sale financial assets				
- unlisted investments	-	2,900	-	2,900
	-	2,900	-	2,900
2015				
Available for sale financial assets				
- listed investments	54,300	-	-	54,300
- unlisted investments	-	2,900	-	2,900
	54,300	2,900	-	57,200

Assets available for sale are measured at fair value on a recurring basis. There were no transfers between levels during the year ended 30 June 2016.

(f) Sensitivity Analysis

The impact of changes in interest rate and foreign currency does not have a significant impact on the Group.

3 Discontinued operations

On 30 September 2014, the consolidated entity sold 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 was not trading up to the date of sale and future losses were projected.

Financial performance information

	30 June 2016 $	30 June 2015 $
Administration expense	-	(30)
Loss before income tax expense	-	(30)
Income tax expense	-	-
Loss after income tax expense	-	(30)
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
Cash flow information		
Net cash from (used in) operating activities	-	(30)
Net increase (decrease) in cash from discontinued operations	-	(30)

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

4 Segment information

The Group operates in primarily one geographical segment, namely Australia. The primary business segment is the treatment of industrial waste including the manufacture and supply of chemicals for the treatment of waste water. The Group has one major customer; Lion Diary & Drinks Limited.

Operating and business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

5 Revenue from continuing operations

	Consolidated	
	2016 $	**2015** $
Sales revenue		
Treatment fees & product sales	**1,352,346**	1,316,493
	1,352,346	1,316,493
Other revenue		
Interest received	**16,726**	39,705
Government subsidies	**162,690**	3,021
Net gain on disposal of non-current assets	**171,331**	114,643
Sundry income	**71,117**	63,100
	421,864	220,469
Total revenue	**1,774,210**	1,536,962

5 Revenue from continuing operations – continued

Revenue is recognised at fair value when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Sales of goods and disposal of assets is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Consulting services and treatment fees are recognised using the percentage-of-completion method for fixed-fee arrangements or as the services are provided for time-and-materials arrangements.

Other income, which includes government grants and any other forms of government assistance, is recognised on receipt or when reasonable assurance that income will be earned is established.

6 Expenses including auditor remuneration

Profit / (Loss) before income tax includes the following specific expenses

	Consolidated	
	2016	**2015**
Rental expense relating to operating leases	**105,137**	117,981
Impairment expense – financial assets	**-**	3,100
Impairment expense – patents	**-**	10,000
Audit and Review of the financial report – Rothsay Chartered Accountants	**29,500**	28,500

No other services have been provided by the auditor.

7 Income tax (benefit) / expense

	Consolidated	
	2016	**2015**
	$	**$**
(a) The components of income tax (benefit) / expense comprise		
Current tax	**(100,670)**	(242,826)
Deferred tax	**(19,785)**	7,415
Deferred tax not recognised	**205,416**	226,528
Income tax (benefit)/expense	**84,961**	(8,883)

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

(b) Reconciliation of income tax (benefit) / expense to prima facie taxpayable

	2016	2015
Profit/(Loss) from operations before income tax (benefit)/expense	**(373,169)**	(865,329)
Tax at the Australian tax rate of 30% (2015: 30%)	**(111,951)**	(259,599)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Non-deductible expense	**(8,504)**	24,188
- Tax losses not recognised/(recouped)	**194,514**	242,826
- Temporary differences recognised / (previously not recognised)	**10,902**	(16,298)
Income tax (benefit)/expense	**84,961**	(8,883)
Unused tax losses for which no deferred tax asset has been recognised	**64,794,786**	64,080,927
Potential tax benefit @ 30% (2015: 30%)	**19,438,436**	19,224,278

All unused tax losses were incurred by Australian entities.

7 Income tax (benefit) / expense - continued

Tax losses will only be recognised and obtained if it is probable:

(i) the Group will derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses and temporary difference to be realised;

(ii) the Group complies with the conditions for deductibility imposed by the tax legislation such as continuity of ownership and same business test; and

(iii) no changes in tax legislation adversely affect the Group in realising the benefit from deductions for the losses and temporary differences.

(c) Deferred Tax Asset / Liability

The deferred tax liability of $65,882 (2015: $74,765) relates to the brand name acquired on acquisition of Science Developments Pty Ltd net of amortisation expense. Deferred tax assets and liabilities are recognised for allowable temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

(d) Tax Consolidation Legislation

Intec Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. This commenced 1 July 2008. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has supplied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

8 Current assets - trade and other receivables

	Consolidated	
	2016	**2015**
	$	**$**
Unsecured		
Trade debtors	**189,580**	301,833
Other receivables	**25,407**	18,736
Financial assets classified as trade & other receivables	**214,987**	320,569
Prepayments	**2,293**	537
Income tax receivable	**11,253**	5,425
Total trade & other receivables	**228,533**	326,531

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(a) Provision for impairment of receivables

Current trade and other receivables are generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is not recoverable. Management look at history of payments and solvency of the debtor. No impairment has been required at year end.

(b) Credit Risk — trade and other receivables

There is no significant concentration of credit risk to any single entity. No security is held, and no terms have been renegotiated, which would otherwise be past due or impaired. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer. There is no trade debtor or other receivable amount where collateral has been received as security or pledged.

8 Current assets – trade and other receivables - continued

2016	Gross amount	Past due and impaired	Within trade terms			
			< 30	31 - 60	61 - 90	>90
	$	$	$	$	$	$
Trade debtors	189,580	-	96,136	63,742	9,900	19,802
2015	**Gross amount**	**Past due and impaired**	**Within trade terms**			
			< 30	31 - 60	61 - 90	>90
	$	$	$	$	$	$
Trade debtors	301,833	-	151,048	94,255	-	56,530

9 Current assets - Inventories at cost

	Consolidated 2016	Consolidated 2015
	$	$
Spares and reagents – finished goods	**278,040**	255,777
	278,040	255,777

Raw materials and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, import duties and other taxes. Costs of purchased inventory are determined after deducing rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business, less the recorded cost. There is no impairment at year end.

10 Non-current assets - Other financial assets

	Consolidated 2016	Consolidated 2015
Financial assets available for sale	$	$
Shares in listed companies, at market value	**-**	54,300
Shares in unlisted companies, at cost	**2,900**	2,900
Total available for sale financial assets	**2,900**	57,200

The Group disposed of its 18,100,000 shares in Bass Metals Ltd (BSM). BSM is traded on the Australian Stock Exchange. A profit on disposal of $171,331 was recorded in profit and loss.

11 Non-current assets - Plant and equipment

30 June 2015 - Consolidated	**Office equipment** $	**Plant and equipment** $	**Total** $
At cost	31,028	319,312	350,340
Accumulated Depreciation	(25,743)	(103,274)	(129,017)
Net book amount at 30 June 2015	5,285	216,038	221,323
Movement in carrying amounts			
Opening net book amount	8,129	286,458	294,587
Additions	-	115,343	115,343
Disposals	-	(156,310)	(156,310)
Depreciation charge	(2,844)	(29,453)	(32,297)
Closing net book amount at 30 June 2015	5,285	216,038	221,323

11 Non-current assets - Plant and equipment - continued

30 June 2016 - Consolidated	Office equipment $	Plant and equipment $	Total $
At cost	**31,028**	**377,726**	**408,754**
Accumulated Depreciation	**(28,355)**	**(151,854)**	**(180,209)**
Net book amount at 30 June 2016	**2,673**	**225,872**	**228,545**
Movement in carrying amounts			
Opening net book amount	**5,285**	**216,038**	**221,323**
Additions	**-**	**58,414**	**58,414**
Disposals	**-**	**-**	**-**
Depreciation charge	**(2,612)**	**(48,580)**	**(51,192)**
Closing net book amount at 30 June 2016	**2,673**	**225,872**	**228,545**

All plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Office equipment 2-8 years
- Plant and equipment 4-7 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

12 Non-current assets - Intangible assets

	Consolidated 2016 $	2015 $
Intellectual property – Patents		
Opening net book amount	**-**	10,000
Disposals	**-**	(10,000)
Closing net book amount at 30 June	**-**	-
Identified intangibles – Trademarks and IP		
Opening net book amount	**258,887**	278,827
Acquired during the year	**14,756**	11,834
Amortisation of trademarks	**(34,571)**	(31,774)
Closing net book amount at 30 June	**239,072**	258,887
Goodwill on consolidation		
Opening net book amount	**1,030,018**	1,030,018
Acquired during the year	**-**	-
Closing net book amount at 30 June	**1,030,018**	1,030,018
Total closing net book amount at 30 June	**1,269,090**	1,288,905

Goodwill arises on the acquisition of a business and is recorded at cost less accumulated amortisation. 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.

Goodwill is not amortised. Instead goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(a) Judgement and estimate

No impaired has been incurred to date. When assessing the recoverable amount of goodwill a value-in-use calculation using a discounted cashflow model based on a 5 year projection, and a terminal value multiple has been used. The final 4 of those years are based on an extrapolation of the prepared budget for year 1.

12 Non-current assets - Intangible assets - continued

Key assumptions in the discounted cashflow model include:

a. Post-tax discount rate of 8% per annum;
b. Revenue growth of 93% in 2017, 66% in 2018 reducing to 4% in 2019;
c. Growth in gross margin of 103% in 2016, 76% in 2017 reducing to 5% in 2018; and
d. Average per annum increase in operating expenses of 18%.

Sensitivity to change of assumptions

If the next year's financial budget used in the value in use calculation had been 10% lower than management's estimates at 30 June 2016, the Group would have a recoverable amount in excess of $283,000 against the carrying amount of the cash generating unit to which the goodwill relates. The cash generating unit is Science Development Pty Limited. If the post-tax discount rate applied to the cash flow projections of this CGU had been 2% higher than management's estimates (10% instead of 8%), the Group would have a recoverable amount in excess of $614,000 against the carrying amount of intangible assets and property, plant and equipment.

(b) Intangible assets other than Goodwill

Trademarks and IP 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. Impairment is assessed annually with reference to ownership and expected use.

13 Current liabilities – Trade and other payables

	Consolidated	
	2016	**2015**
	$	**$**
Unsecured liabilities		
Trade payables	**105,136**	177,754
Payables – related parties, refer to note 19	**100,000**	100,000
Total trade and other payables	**205,136**	277,754

14 Borrowings

	Consolidated	
	2016	**2015**
	$	**$**
Current		
Secured liabilities		
Finance Lease Liability	**39,956**	38,830
Trade Finance Facility	**196,535**	216,636
Total	**236,491**	255,466
Non-current		
Secured liabilities		
Finance Lease Liability	**71,323**	113,718

The leases relate to a motor vehicle provided to the Managing Director and plant and equipment owned by Science Developments Pty Ltd. The motor vehicle lease liability is effectively secured over the motor vehicle. The shareholders of Science Developments Pty Ltd have provided guarantees for the finance lease relating to plant and equipment.

The trade finance facility limit is $250,000 of which $53,465 was unused at 30 June 2016 (2015: $33,364). The facility is secured by way of a guarantee by a Director related Company of a Director of Science Developments Pty Ltd.

(a) Lease commitments

The Group leases a motor vehicle under a five-year non-cancellable finance lease.

	Consolidated	
	2016	**2015**
	$	**$**
Commitments for minimum lease payments in relation to a non-cancellable finance lease is payable are as follows:		
Within one year	**49,100**	49,100
Later than one year but not later than five years	**81,281**	133,112
Total commitment	**130,381**	182,212
Deduct future finance charges	**(19,102)**	(29,664)
Lease liability	**111,279**	152,548

14 Borrowings - continued

The motor vehicle related to the finance lease has a written down value of $54,011 (2015: $63,598) and the lease expires within five years. The terms of the lease provide for the Group to acquire the motor vehicle for an agreed residual value at the end of the lease period.

Lease commitments include a contracted amount for plant and equipment with a written down value of $68,903 (2015: $89,150) secured under Chattel mortgage expiring within three years and secured by the shareholders of Science Developments Pty Limited.

15 Current liabilities – Provisions

	Consolidated	
	2016	**2015**
Annual Leave	**52,897**	33,892
Long Service Leave	**86,569**	77,406
Total	**139,466**	111,298

The provision for annual leave and long service leave represents the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

16 Contributed equity

(a) Share capital

	2016 Shares	2015 Shares
Ordinary shares	**299,818,669**	299,818,669

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price (cents)	$
01-07-2014	Balance	299,818,669		71,641,977
	Shares issued during the year	-		-
30-06-2015	Balance	299,818,669		71,641,977
	Shares issued during the year	-		-
30-06-2016	**Balance**	**299,818,669**		**71,641,977**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(e) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The quantitative data the Group assesses as capital is $1,766,899 which is consistent with the net assets of the Group (2015: $2,243,129).

17 Reserves

	Consolidated Asset revaluation reserve	Share based payments reserve	Total
Balance 1 July 2014	-	2,624,037	2,624,037
Option expense	-	29,557	29,557
Revaluation	18,100	-	18,100
Balance 30 June 2015	18,100	2,653,594	2,671,694
Option expense	-	-	-
Revaluation	22,465	-	22,465
Assets sold during the year	(40,565)	-	(40,565)
Balance 30 June 2016	**-**	**2,653,594**	**2,653,594**

The asset revaluation reserve is used to recognise increments and decrements in the fair value of financial assets available for sale. Refer to Note 10.

18 Non-controlling interest

	Consolidated 2016 $	2015 $
Issued capital	**9,005**	9,005
Reserves	**101,575**	101,575
Retained earnings	**59,410**	36,952
Balance 30 June 2016	**169,990**	147,532

The non-controlling interest at 30 June 2016 was a 50% equity holding in Science Developments Pty Ltd.

Refer to Note 19 for further details of the subsidiary with non-controlling interests that are material to the consolidated entity.

19 Related party transactions

(a) Parent entity

The parent entity is Intec Ltd. The financial information of the parent is disclosed below.

(i) Financial position

	Consolidated 2016 $	2015 $
Assets		
Current assets	**479,843**	940,055
Non-current assets	**1,458,297**	1,523,751
Total assets	**1,938,140**	2,463,806
Liabilities		
Current liabilities	**204,551**	198,139
Non-current liabilities	**44,504**	55,202
Total liabilities	**249,055**	253,341
Equity		
Issued capital	**71,948,494**	71,948,494
Accumulated losses	**(72,820,995)**	(72,317,715)
Reserves		
Option expense reserve	**2,561,586**	2,561,586
Asset revaluation reserve	**-**	18,100
Total equity	**1,689,085**	2,210,465

(ii) Financial performance

Profit/(Loss) for the year	**(503,280)**	(696,360)
Other comprehensive income	**(18,100)**	18,100
Total comprehensive loss	**(521,380)**	(678,260)

19 Related party transactions - continued

(iii) There have been no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

There were no contingent liabilities or capital commitments of the parent entity at 30 June 2016.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares	Equity holding 2016 %	Equity holding 2015 %
Investments held by Intec Ltd				
Intec Copper Pty Ltd	Australia	Ordinary	**100**	100
Intec Environmetals Pty Ltd	Australia	Ordinary	**100**	100
Science Developments Pty Ltd	Australia	Various	**50**	50
Investments held by Intec Envirometals Pty Ltd				
Intec Zeehan Residues Pty Ltd (formerly Encore Metals NL)	Australia	Ordinary	**100**	100

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the and the book value of the share of the non-controlling interest acquired is recognised directly in in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity is set out below:

	2016 $	2015 $
Assets		
Current assets	**495,299**	559,414
Non-current assets	**92,716**	164,550
Total assets	**588,015**	723,964
Liabilities		
Current liabilities	**374,945**	544,839
Non-current liabilities	**26,820**	58,516
Total liabilities	**401,765**	603,355
Net Assets	**186,250**	120,609
Summarised statement of profit or loss and other comprehensive income		
Profit/(Loss) before income tax expense	**159,485**	(58,126)
Income tax (expense)	**(92,844)**	-
Profit/(Loss) after income tax expense	**66,641**	(58,126)
Other comprehensive income	**-**	-
Total comprehensive income	**66,641**	(58,126)

19 Related party transactions - continued

Statement of cashflows		
Net cash from operating activities	**89,036**	(51,899)
Net cash (used in) investing activities	**(73,170)**	(100,982)
Net cash (used in) from financing activities	**(31,696)**	129,209
Net increase/(decrease) in cash and cash equivalents	**(15,830)**	(23,672)
Other financial information		
Profit/(Loss) attributable to non-controlling interests	**32,820**	(29,063)
Accumulated non-controlling interests at end of reporting period	**169,990**	147,532

(c) Transactions with related parties

The following transactions occurred with related parties:

	2016	2015
(i) Transaction with subsidiary	**$**	$
The parent Company, Intec Ltd, provided an unsecured loan, on commercial terms, to its 50% owned subsidiary Science Developments Pty Ltd.	**100,000**	100,000
(ii) Mr Paul Pembroke and Mr Mark Wells		
Mr Paul Pembroke and Mr Mark Wells, Directors and shareholders of Science Developments Pty Ltd, both provided unsecured loans of $50,000 on commercial terms to Science Developments Pty Ltd. Interest is being charged at 6%. The loans are unsecured.	**100,000**	100,000

(d) Loans to subsidiaries

	Consolidated	
	2016	2015
	$	$
Beginning of the year	**57,164,491**	57,226,332
Loans advanced/(received)	**16,642**	(61,841)
Loans written off - fully provided for	**(529,183)**	-
End of year	**56,651,950**	57,164,491
Less provision for doubtful debts	**(56,551,950)**	(57,064,491)
Carrying value at end of year	**100,000**	100,000

Provisions for doubtful debts have been raised in relation to outstanding balances, and an expense has been recognised in respect of debts due from subsidiaries, which may be considered doubtful based on the net assets of each subsidiary. The movement in the provision mirrors to the movement in loan balances detailed above. The loans are interest free and unsecured.

All transactions were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of loans between the parties.

(e) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report on pages 8 to 11. There were no outstanding loans with key management personnel.

	2016	2015
	$	$
Short-term employee benefits	**352,773**	402,279
Termination benefits	**-**	110,292
Post-employment benefits	**31,297**	34,551
Share-based payments	**-**	26,870
	384,070	573,992

20 Profit / (Loss) per share

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

20 Profit / (Loss) per share - continued

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	Consolidated	
	2016 Cents	**2015 Cents**
(a) Basic and diluted profit / (loss) per share		
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of the Company	**(0.15)**	(0.30)
(b) Reconciliations of profit / (loss) used in calculating earnings pershare		
Basic profit/(loss) per share		
Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating basic profit/(loss) per share from continuing operations	**(458,130)**	(904,637)
Less: Adjustment for diluted	**-**	-
	(458,130)	(904,637)

In the 2016 and 2015 comparative financial year, potential ordinary shares, being the balance of options granted at balance date, are not considered dilutive as the conversion of these components to equity would result in a decrease in the net loss per share.

(c) Weighted average number of shares used as the denominator

	2016 Number	**2015 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	299,818,669	299,818,669
Weighted average number of dilutive options outstanding	8,800,000	6,050,000
Weighted average number of ordinary shares used as the denominator in calculating diluted profit/(loss) per share	308,618,669	305,868,669

(d) Information concerning the classification of securities

Options

Options granted to employees under the Intec Employee Share Scheme and to other entities have been included in the determination of diluted profit/(loss) per share. No options have been included in the determination of basic profit/(loss) per share. Details relating to the options are set out in note 21.

21 Share based payments

Employee Share Scheme

Share based compensation benefits are provided to employees via the Intec Employee Share Scheme.

At the 2014 Annual General Meeting, shareholders approved the Intec Employee Share Scheme (the Scheme). 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 fair value of options granted under the Intec Employee Share Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using share 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.

21 Share based payments - continued

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

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 2015	Granted during year	Lapsed during year	Exercised during year	Vested & exercisable as at 30 June 2016
09-12-2011[1]	21-11-2016	$0.030	3,300,000	-	-	-	3,300,000
10-12-2014[2]	28-11-2019	$0.025	5,500,000	-	-	-	5,500,000
Total Options on issue			**8,800,000**	**-**	**-**	**-**	**8,800,000**

1. Granted under previous Intec Option Plan.
2. Granted under Intec Employee Share Scheme

There were no employee options granted during the year (2015: 5,500,000). The fair value of the options at grant date was nil (2015: $29,557).

Shares provided on exercise of remuneration options

No ordinary shares (2015: 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.

22 Cash and Cash Equivalents

(a) Reconciliation of profit / (loss) after income tax to net cash flows from operating activities

	Consolidated 2016 $	Consolidated 2015 $
Operating profit/(loss) after income tax	(458,130)	(856,446)
Non cash items and non operating cash flows included in statement of comprehensive income		
Depreciation and amortisation	85,763	64,071
Impairment expense	-	13,100
Share based payments	-	29,557
Gain on sale of non-current assets	(171,331)	(164,643)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	97,998	(137,013)
Decrease/(increase) in inventories	(22,263)	(61,257)
Increase/(decrease) in trade creditors	(72,618)	(23,494)
Increase/(decrease) in trade finance facility	(20,101)	100,974
Increase/(decrease) in provisions	28,168	(37,052)
Increase/(decrease) in deferred tax liability	(8,883)	(8,882)
Net cash (outflows)/inflows from operating activities	(541,397)	(1,081,085)

22 Cash and Cash Equivalents - continued

(b) Current assets - cash and cash equivalents

	Consolidated	
	2016	2015
	$	$
Cash at bank and on hand	**478,089**	926,394
Total	**478,089**	926,394

The accounts are interest bearing at interest rates between 1.50% and 1.75% (2015 – 1.90% and 2.90%).

23 Contingencies

(a) Contingent assets

The Group holds a 2.5% net smelter royalty in relation to future base metals extracted from certain tenements in the Hellyer/Que River region of Tasmania. The Group also holds a mining lease and retention licence covering a stockpile of zinc-bearing residue near Zeehan, Tasmania.

As a result of a transaction entered into by Intec International Projects Pty Ltd (“IIP”) with Monument Mining Limited, a Company listed on the Toronto Stock Exchange, Intec is entitled to receive a 5% royalty on fees generated by IIP in relation to Intec Process applications. This transaction occurred after Intec divested its 50% shareholding in IIP. In addition, Intec retains its rights to its portion of unpaid fees relating to the IRC Project.

(b) Contingent liabilities

The parent entity and Group had no contingent liabilities at 30 June 2016 (2015: nil).

(c) Tenement commitments

There are no minimum annual expenditure requirements attached to the tenements held by the Group.

24 Events occurring after the reporting 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.

There are no other matters or circumstances that have arisen since 30 June 2016 that have 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.

These financial statements were authorised by the Board of Directors on 30 September 2016.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 14 to 38 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 consolidated financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
(c) the remuneration disclosures set out on pages 8 to 11 of the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations; and
(d) The financial statements comply with International Financial Reporting Standards as described in Note 1 to the financial statements; and
(e) The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Kieran Rodgers
Managing Director

Sydney
30 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Intec Limited

Report on the Financial Report

We have audited the accompanying financial report of Intec Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Intec Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the consolidated entity generated an operating loss after income tax of $458,130 (2015: $856,446) and net cash outflows from operations of $541,397 (2015: $1,081,085) in the year ended 30 June 2016. At 30 June 2016, the Group had net assets of $1,766,899 (2015: $2,243,129) and cash balances of $479,089 (2015: $926,394). These conditions, along with other matters as set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Intec Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner

Sydney, 30 September 2016

Schedule of Tenements

At 30 June 2016, the Group held the following tenements:

Tenement number	Tenement name	Expiry date	Area Km^2	Security deposits held $	Annual expenditure commitments $
Tenements held by Intec Zeehan Residues Pty Ltd					
Mining Lease 6M/2010	Zeehan	22 January 2021	0.4	5,800	Nil
Retention Licence RL 3/1996	Zeehan	26 March 2016*	1.00	5,000	Nil

*Renewal application for Retention Licence RL 3/1996 has been lodged.

The Group also holds a 2.5% Net Smelter Return Royalty (NSR Royalty) in relation to base metals extracted from the following Tasmanian tenements:

RL11/1997: Mt Charter Retention Licence;
EL48/2003: Mt Block Exploration Licence;
CML103M/1987: Hellyer Mine Lease; and
ML68M/1984: Que River Mine Lease.

Shareholder Information

The shareholder information set out below was applicable as at 21 October 2016.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares	
	Number of shareholders	Number of shares
1 - 1,000	126	48,837
1,001 - 5,000	147	425,073
5,001 - 10,000	78	611,641
10,001 - 100,000	353	18,657,906
100,001 and over	297	280,075,212
	1,001	**299,818,669**

B. Substantial holders

Substantial shareholders as at 21 October 2016 are listed below:

Kieran Gregory Rodgers & Patricia Maree Rodgers	6.67%
Kathleen Frances Watt	6.14%
Donald Alexander Bell & Lexie Ann Bell	5.00%

C. Equity security holders

The names of the twenty largest holders of quoted equity securities as at 21 October 2016 are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
Kieran Gregory Rodgers & Patricia Maree Rodgers	20,004,624	6.67
Kathleen Frances Watt	18,416,667	6.14
Donald Alexander Bell & Lexie Ann Bell	15,000,000	5.00
Martin Edward Meyer	14,666,667	4.89
Longwin Capital Finance Ltd	14,666,667	4.89
Stuart Andrew Spiteri	11,534,174	3.85
Markham Hanna & Rita Hanna <Hanna & Co Pty Ltd Super A/C>	10,030,000	3.35
The Genuine Snake Oil Company Pty Ltd <Morson Group Super Fund>	8,000,000	2.67
PW Pembroke Pty Ltd	7,717,821	2.57
Pembroke Four Pty Ltd	6,600,000	2.20
J P Morgan Nominees Australia Ltd	6,423,615	2.14
Warinco Services Pty Limited <Waring Super Fund A/C>	4,122,500	1.38
Orian Holding Corp	4,117,484	1.37
Ianaki Semerdziev	3,500,000	1.17
HSBC Custody Nominees (Australia) Limited	3,158,880	1.05
Platypus Superannuation Pty Ltd <Platypus Super Fund A/C>	3,100,000	1.03
Wethem Pty Ltd	2,930,000	0.98
Ryan Boyd	2,656,129	0.89
Ronnoc Developments Pty Ltd <Bryan Super Fund A/C>	2,443,000	0.82
Mark Lee Rodstrom	2,410,000	0.80
Total of Top 20 Shareholdings	161,498,228	53.87
Other Shareholders	138,320,441	46.14
Total Ordinary Shares on Issue	299,818,669	100.000

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
No voting rights.

E. Summary of options issued

	No. of options	No. of Holders	% Options Issued
Options expiring 21 November 2016 with an exercise price of $0.03	3,300,000	5	
Option holders with more than 20% of above class			
K G Rodgers	1,200,000		36.36%
D L Sammut	1,000,000		30.30%
These options are unquoted equity securities.			
Options expiring 28 November 2019 with an exercise price of $0.025	5,500,000	4	
Option holders with more than 20% of above class			
K G Rodgers	2,000,000		36.36%
D J Cronin	2,000,000		36.36%
These options are unquoted equity securities.			

Corporate Directory

Directors
Chairman
Trevor A Jones
Managing Director
Kieran G Rodgers
Non-executive Director
Daniel J Cronin

Company Secretary
Robert J Waring

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Patent Attorneys
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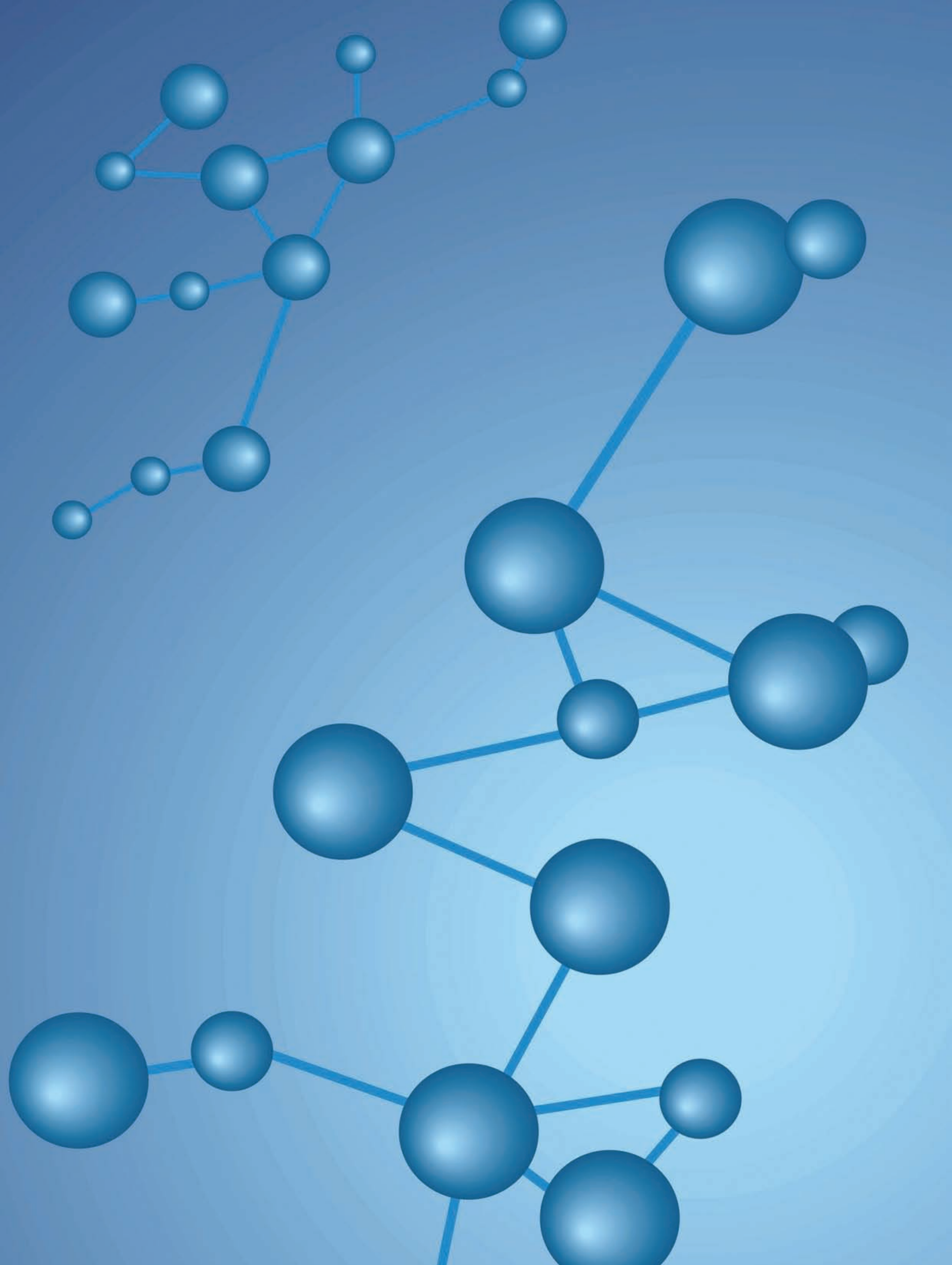
North Sydney NSW 2060 Australia

Stock Exchange and Trading Platform Listings
Intec Ltd shares are listed or traded on
the Australian Stock Exchange (Code: INL),
the Deutsche Boerse (Code: INF),
and as American Depository Receipts on:
the OTC Markets (Code: ICLJY)



ASX CODE:INL ABN : 25 001 150 849