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Innovative Technologies
Integrated Solutions
Global Support

18 August 2015

ASX Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

ASX APPENDIX 4E, 4G AND FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Please find attached Imdex Limited's Appendix 4E and audited Financial Report for the Year Ended 30 June 2015. Also attached is the requisite Appendix 4G.

The audited Annual Report, which will include the Financial Report, for the Year Ended 30 June 2015 together with the Notice of Annual General Meeting is expected to be mailed to those shareholders who have requested a hardcopy in September 2015.

Yours faithfully

Paul Evans
Company Secretary

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

The Directors of Imdex Limited ("Imdex" or "the Company") present their report together with the annual Financial Report of the Company and its Subsidiaries ("the Group") for the financial year ended 30 June 2015.

In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

(a) Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name	Role	Age	Particulars
Mr R W Kelly AM	Non Executive Chairman	77	▪ Engineer ▪ Director since 14 January 2004 ▪ Appointed as Chairman on 15 October 2009 ▪ Member of the Audit, Risk and Compliance Committee ▪ Chairman of the Remuneration Committee until 14 December 2009 ▪ Previously Chairman and Non Executive Director of Clough Limited, Sumich Group Limited, Orbital Corporation Limited, Beltreco Limited and Director of Aurora Gold Limited, PA Consulting Services Ltd and the Fremantle Football Club.
Mr B W Ridgeway	Managing Director	61	▪ Chartered Accountant ▪ Director since 23 May 2000 ▪ Over 25 years experience with public and private companies as owner, director and manager ▪ Member of the Institute of Chartered Accountants in Australia and Australian Institute of Company Directors. ▪ Director of Sino Gas and Energy Holdings Ltd
Mr K A Dundo	Independent, Non Executive Director	62	▪ Lawyer ▪ Chairman of the Audit, Risk and Compliance Committee ▪ Member of the Remuneration Committee ▪ Director since 14 January 2004 ▪ Director of Red 5 Limited and Cash Converters International Limited
Mr M Lemmel	Independent, Non Executive Director	76	▪ Management Consultant ▪ Appointed Director 19 October 2006 and resigned 30 June 2015 ▪ Chairman of the Remuneration Committee from 14 December 2009 to 30 June 2015 ▪ Chairman of Fiberform Vindic AB ▪ Previously Senior Vice President of Ericsson Telecommunications, Chief Executive Officer of the Federation of Swedish Industries and Director General for Enterprise Policy of the European Commission
Ms E Donaghey	Independent, Non Executive Director	57	▪ Civil Engineer ▪ Director since 28 October 2009 ▪ Member of the Audit, Risk and Compliance Committee from 14 December 2009 ▪ Member of the Remuneration Committee from 14 December 2009 and appointed as Chairperson of the Remuneration Committee on 9 July 2015 ▪ Non Executive Director of Australian Renewable Energy Agency ▪ Previously held a range of commercial and senior management positions in Woodside Petroleum and BHP Petroleum
Mr I Gustavino	Independent, Non Executive Director	56	▪ Corporate Advisor ▪ Appointed as a Director on 3 July 2015 ▪ Member of the Remuneration Committee from 9 July 2015 ▪ Prior to his role as a corporate advisor, Mr. Gustavino was a co-founding shareholder and Director of Surpac Software, now Dassault Systèmes GEOVIA Inc.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

(b) Directorships of other listed companies

Directorships of other listed companies held by the Directors in the 3 years immediately before the end of the financial year are:

Name	Company	Position	Period of Directorship
Mr B W Ridgeway	Sino Gas and Energy Holdings Limited	Non Executive Director	2007 – Current
Mr K A Dundo	Red 5 Limited Synergy Plus Limited Cash Converters International Limited ORH Limited	Non Executive Director Non Executive Director Non Executive Director Non Executive Director	2010 – Current 2008 – 2015 2015 – Current 2013 – 2014
Ms E Donaghey	St Barbara Limited	Non Executive Director	2011 – 2014

(c) Company Secretary

Mr P A Evans

Mr Evans, a Chartered Accountant, joined Imdex Limited on 17 October 2006. After leaving professional practice he worked in a range of commercial and financial roles in the media, manufacturing and telecommunications industries. Mr Evans is a Fellow of the Institute of Chartered Accountants in Australia.

(d) Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, nine Board meetings, five Audit, Risk and Compliance Committee meetings and four Remuneration Committee meetings were held.

	Board of Directors (Number)		Audit, RIsk and Compliance Committee (Number)		Remuneration Committee (Number)	
	Held	Attended	Held	Attended	Held	Attended
R W Kelly	9	9	5	5	-	-
B W Ridgeway	9	9	-	-	-	-
K A Dundo	9	9	5	5	4	4
M Lemmel	9	5	-	-	4	3
E Donaghey	9	9	5	5	4	4

(e) Directors' Shareholdings

At the date of this report the Directors held the following interests in shares, options in shares and performance rights of the Company:

Directors	Shares Held Directly (#)	Shares Held Indirectly (#)	Options Held Indirectly (#)	Performance Rights Held Directly ^ (#)
R W Kelly	-	380,000	-	-
B W Ridgeway	128,876	2,214,630	-	1,288,044
K A Dundo	-	150,000	-	-
E Donaghey	260,000	-	-	-
I Gustavino	-	62,077	900,000	-

^ - Performance rights expire either on failure to maintain employment tenure or on failure to satisfy performance hurdles. Refer to note 33 for further details.

Details of performance rights on issue at the end of the financial year are disclosed in note 33.

(f) Remuneration Report (audited)

Remuneration policy for Directors and Executives

Non Executive Directors
The Board seeks the approval of Shareholders in relation to the aggregate of Non Executive Directors' remuneration and any options and performance rights that may be granted to Directors. The remuneration for Non Executive Directors is reviewed from time to time, with due regard to current market rates. The cash remuneration of Non Executive Directors is not linked to the Company's performance in order to preserve independence. Other than statutory superannuation, no Non Executive Director is entitled to any additional benefits on retirement from the Company.

Management of the Company believes that in order to retain quality Non Executive Directors on the Board, some incentive to maintain their future involvement, commitment and loyalty to the Company is required on certain occasions over and above nominal Directors' fees. No Director received a payment during the current or prior years as consideration for agreeing to hold the relevant position.

The maximum total remuneration payable to Non Executive Directors was approved by Shareholders at the 2006 Annual General Meeting and is currently $500,000. In the current year remuneration to Non Executive Directors totalled $434,925, including statutory superannuation. The Board determines the apportionment of directors' fees between each Director.

Managing Director
The Managing Director's remuneration is determined by the Remuneration Committee with due regard to current market rates.

For FY 15, the Managing Director has a short term incentive bonus of up to $70,000 that is related to key performance indicators (KPIs) set each year by the Remuneration Committee. These KPIs typically include financial, strategic and risk based measures. The Remuneration Committee set these performance hurdles as they are significant profit and cash flow drivers which are linked to Imdex's increased growth and profitability and hence shareholder value. Performance is measured relative to budget and forecast results as these are the most accurate measures available against which to assess the achievement of set hurdles. The balance of his cash compensation package for the current year is not linked to the Group's performance.

From time to time performance rights may be issued to the Managing Director as a long term performance incentive. The portion of the Managing Director's compensation package that comprises performance rights is linked to the Company's performance. The number of performance rights granted is determined with regard to current market trends. The issue of any such performance rights requires the approval of Shareholders in General Meeting.

The Managing Director is employed under a permanent contract that provides for a 12 month termination period. No additional benefits above those already entitled to will become payable on termination.

Executives and Staff
All Executives and staff of the Company are subject to a formal annual performance review. The remuneration of Executives comprises a fixed monetary total, which is not linked to the performance of the Company, although bonuses related to the performance of the Company may be agreed between that Executive and the Company from time to time. The base component of Executive salaries is benchmarked against current market trends and is not linked to Company performance as it serves to attract and retain suitably qualified and experienced staff. Performance incentives that are linked to Company performance are used to reward Executives for exceptional performance that benefits the Company and Shareholders.

Each year the Remuneration Committee sets the KPIs for each key management person. These KPIs typically include people, customer, system, financial, strategic and risk based measures. The Remuneration Committee set these performance hurdles as they are significant profit and cash flow drivers which are linked to Imdex's increased growth and profitability and hence shareholder value. Performance is measured relative to budget and forecast results as these are the most accurate measures available against which to assess the achievement of set hurdles. No bonus is awarded where hurdles are not met.

From time to time performance rights may be issued to the Executives and staff as a long term performance incentive. The portion of remuneration package that comprises performance rights is linked to the Company's performance. The number of performance rights granted is determined with regard to current market trends. The issue of any such performance rights requires the approval of Shareholders in General Meeting.

All Executives are employed under permanent contracts. Mr D J Loughlin's and Mr P A Evans's contracts provide a six month notice period upon termination and a six month termination pay out. Mr S Maikranz's and Ms P Italiano's contracts specify a 12 week notice period upon termination.

No additional benefits above those already entitled to will become payable on termination.

(f) Remuneration Report (audited) (continued)

Director and Key Management Personnel details

The Directors of Imdex Limited during the year were:

(i) Mr R W Kelly (Non Executive Chairman);
(ii) Mr B W Ridgeway (Managing Director);
(iii) Mr K A Dundo (Non Executive Director);
(iv) Mr M Lemmel (Non Executive Director) resigned 30 June 2015;
(v) Ms E Donaghey (Non Executive Director).

The term 'Key Person Management' is used in this remuneration report to refer to the following persons:

(i) Mr D J Loughlin (Chief Executive Reflex);
(ii) Mr P A Evans (Company Secretary and Chief Financial Officer);
(iii) Mr S Maikranz (Chief Executive AMC Oil & Gas) commenced 17 March 2014;
(iv) Ms P Italiano (Chief Executive AMC Minerals) commenced 12 January 2015;
(v) Mr M Parsons (Chief Executive AMC Minerals) commenced 1 October 2013 and resigned 16 November 2014;

Except as noted above Directors and Key Management Personnel held their current position for the whole of the financial year and since the end of the financial year.

Elements of Director and Key Management Personnel Remuneration

Remuneration packages contain the following key elements:

(i) Short-term benefits – salary/fees, bonuses and non monetary benefits including principally motor vehicles;
(ii) Post-employment benefits – superannuation;
(iii) Equity – share options granted under the Staff Option Scheme (note 32) or performance rights granted under the Performance Rights Plan (note 33) or any other equity related benefits granted as approved by Shareholders in General Meeting; and
(iv) Other benefits – comprise payments made under the Imdex Loyalty Programme rewarding long term service with the Imdex Group.

Earnings and Movements in Shareholder Wealth

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2015:

	30 June 2015	**30 June 2014**	**30 June 2013**	**30 June 2012**	**30 June 2011**
Revenue – continuing and discontinued operations ($'000)	188,332	183,557	232,921	269,652	205,334
Net (loss) / profit before tax from continuing operations ($'000)	(18,644)	(7,062)	28,510	67,500	38,593
Net (loss) / profit after tax from continuing operations ($'000)	(22,503)	(5,277)	19,383	45,777	29,002
Share price at start of year (cents)	63.0	62.0	176.0	215.0	73.0
Share price at end of year (cents)	30.0	63.0	62.0	176.0	215.0
Interim dividend (cents) – fully franked	-	-	2.50	3.25	1.75
Final dividend (cents) – fully franked	-	-	0.40	4.00	2.75
Basic (loss) / earnings per share (cents) – continuing operations	(10.44)	(2.50)	9.24	22.34	14.69
Diluted (loss) / earnings per share (cents) – continuing operations	(10.44)	(2.50)	9.14	21.85	14.25

(f) Remuneration Report (audited) (continued)

Year ended 30 June 2015

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^		Cash settled	Other	
									Shares & Units	Options & Rights			Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Executive Director													
B W Ridgeway, Managing Director	925,475	-	11,769	-	30,000	-	24,159	-	-	6,928	-	-	998,331
Non Executive Directors													
R W Kelly, Chairman	135,000	-	-	-	12,825	-	-	-	-	-	-	-	147,825
K A Dundo	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
M Lemmel [3]	90,000	-	-	-	-	-	-	-	-	-	-	-	90,000
E Donaghey	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
	1,330,475	-	11,769	-	59,925	-	24,159	-	-	6,928	-	-	1,433,256

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^		Cash settled	Other	
									Shares & Units	Options & Rights			Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Group Executives													
D Loughlin, Chief Executive Reflex	464,270	-	-	-	30,000	-	11,080	-	-	27,025	-	-	532,375
P Evans, Chief Financial Officer / Company Secretary	453,024	-	-	-	30,000	-	10,814	-	-	26,370	-	-	520,208
S Maikranz, Chief Executive AMC Oil & Gas	488,165	-	71,668	-	-	-	-	-	-	128,895	-	-	688,728
P Italiano, Chief Executive AMC Minerals [1]	181,538	-	-	-	14,515	-	-	-	-	40,633	-	-	236,686
M Parsons, Chief Executive AMC Minerals [2]	155,683	-	-	-	13,114	-	-	-	-	-	-	-	168,797
	1,742,680	-	71,668	-	87,629	-	21,894	-	-	222,923	-	-	2,146,794

[1] Commenced 12/01/2015
[2] Resigned 16/11/2014
[3] Resigned 30/6/2015

^ - These non-cash entitlements reflect the value of performance rights that are being expensed in the current period to recognise progressive vesting conditions. The issue of shares relating to these performance rights will only occur in future periods if the vesting conditions are met.

(f) Remuneration Report (audited) (continued)

Year ended 30 June 2014

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^ Shares & Units	Equity-settled ^ Options & Rights	Cash settled	Other	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Executive Director													
B W Ridgeway, Managing Director	904,272	-	14,434	-	25,694	-	20,561	-	-	20,218	-	-	985,179
Non Executive Directors													
R W Kelly, Chairman	135,000	-	-	-	12,488	-	-	-	-	-	-	-	147,488
K A Dundo	90,000	-	-	-	8,325	-	-	-	-	-	-	-	98,325
M Lemmel	90,000	-	-	-		-	-	-	-	-	-	-	90,000
E Donaghey	90,000	-	-	-	8,325	-	-	-	-	-	-	-	98,325
	1,309,272	-	14,434	-	54,832	-	20,561	-	-	20,218	-	-	1,419,317

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^ Shares & Units	Equity-settled ^ Options & Rights	Cash settled	Other	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Group Executives													
D Loughlin, Chief Executive Reflex	455,982	-	-	19,665	25,694	-	13,623	-	-	6,150	-	-	521,114
P Evans, Chief Financial Officer / Company Secretary	445,033	-	-	-	25,694	-	13,168	-	-	6,150	-	-	490,045
M Parsons, Chief Executive AMC Minerals [1]	271,975	-	-	-	19,271	-	-	-	-	-	-	-	291,246
S Maikranz, Chief Executive, AMC Oil & Gas [2]	114,563	-	-	-	-	-	-	-	-	-	-	-	114,563
G Weston, General Manager: Oil & Gas Division [3]	645,467	-	-	-	12,847	-	235,088	-	-	7,077	-	-	900,479
	1,933,020	-	-	19,665	83,506	-	261,879	-	-	19,377	-	-	2,317,447

[1] Commenced 01/10/2013
[2] Commenced 17/03/2014
[3] Resigned 31/12/2013

^ - These non-cash entitlements reflect the value of options and performance rights that are being expensed in the current period to recognise progressive vesting conditions. The issue of shares relating to these performance rights will only occur in future periods if the vesting conditions are met.

(f) Remuneration Report (audited) (continued)

(i) **Mr B W Ridgeway** is a party to a service contract with Imdex Limited, which sets out a fixed compensation package, reviewable annually. The service contract specifies a twelve month notice period in the event that the contract is terminated. If the contract is terminated without notice, the notice period will become payable in cash. There are no termination benefits specified in this contract. Additional performance incentives may be agreed between Mr Ridgeway and Imdex Limited from time to time. The Managing Director's compensation is reviewed and determined annually by the Remuneration Committee.

In the current year Mr Ridgeway did not earn a cash bonus as specified targets were not met. A bonus of $70,000 could have been earned by Mr Ridgeway had the targets been met. Mr Ridgeway did not earn a cash bonus in the prior year as specified targets were not met. A bonus of $280,000 could have been earned by Mr Ridgeway had the targets been met.

No options were granted to Mr Ridgeway in the current year or in the prior year.

The grant of 723,226 performance rights to Mr Ridgeway in the current year was approved by the shareholders at the Annual General Meeting on 16 October 2014. The Managing Director is subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (FY15 to FY17). The performance hurdle in relation to these performance rights will be measured after the audit sign off of the FY17 financial statements on or about August 2017, which will determine the number of performance rights to be issued. Refer note 33 for further details.

The grant of 300,000 performance rights to Mr Ridgeway in the prior year was approved by the shareholders at the Annual General Meeting on 17 October 2013. The Managing Director is subject to two hurdles each with equal weighting. The first is that the Total Shareholder Return (TSR) of Imdex Limited must exceed the average TSR of the ASX300 over the 3 year measurement period. The second is that the Earnings Per Share of Imdex Limited must exceed the average EPS of the ASX300 over the 3 year measurement period. The performance hurdle in relation to these performance rights will be measured after the audit sign off of the FY16 financial statements on or about August 2016, which will determine the number of performance rights to be issued. Refer to note 33 for further details.

During the prior year Mr Ridgeway was allocated 128,876 shares upon the successful achievement of hurdles relating to performance rights granted in prior years.

(ii) **Mr D J Loughlin** is a party to a service contract with Imdex Limited, which sets out a fixed compensation package reviewable annually. The service contract specifies a six month notice period in the event that the contract is terminated and a six month pay out upon termination. Additional performance incentives may be agreed between Mr Loughlin and Imdex Limited from time to time.

In the current year Mr Loughlin did not earn a cash bonus as specified targets were not met. A bonus of $116,092 could have been earned by Mr Loughlin had the targets been met. Mr Loughlin did not earn a cash bonus in the prior year as specified targets were not met. A bonus of $100,000 could have been earned by Mr Loughlin had the targets been met.

No options were granted to Mr Loughlin in the current or prior year.

Mr Loughlin was granted 253,952 performance rights (tranche 14) in the current period under the Performance Rights Plan. These performance rights are subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (FY15 to FY17). The performance hurdle in relation to these performance rights will be measured after the audit sign off of the FY17 financial statements on or about August 2017, which will determine the number of performance rights to be issued. Refer to note 33 for further details.

Mr Loughlin was granted 174,603 performance rights in 2014 under the Performance Rights Plan. As the hurdles applicable to these performance rights were not achieved all of the performance rights expired.

During the year Mr Loughlin was allocated 12,120 shares upon the successful achievement of hurdles relating to performance rights granted in prior years.

During the prior year Mr Loughlin was allocated 53,982 shares upon the successful achievement of hurdles relating to performance rights granted in prior years.

(iii) **Mr P A Evans** is a party to a service contract with Imdex Limited, which sets out a fixed compensation package reviewable annually. The service contract specifies a six month notice period in the event that the contract is terminated and a six month pay out upon termination. Additional performance incentives may be agreed between Mr Evans and Imdex Limited from time to time.

In the current year Mr Evans did not earn a cash bonus as specified targets were not met. A bonus of $113,280 could have been earned by Mr Evans had the targets been met. Mr Evans did not earn a cash bonus in the prior year as specified targets were not met. A bonus of $97,850 could have been earned by Mr Evans had the targets been met.

No options were granted to Mr Evans in the current or prior year.

(f) Remuneration Report (audited) (continued)

Mr Evans was granted 247,800 performance rights (tranche 14) in the current period under the Performance Rights Plan. These performance rights are subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (FY15 to FY17). The performance hurdle in relation to these performance rights will be measured after the audit sign off of the FY17 financial statements on or about August 2017, which will determine the number of performance rights to be issued. Refer to note 33 for further details.

Mr Evans was granted 170,635 performance rights in 2014 under the Performance Rights Plan. As the hurdles applicable to these performance rights were not achieved all of the performance rights expired.

During the year Mr Evans was allocated 12,120 shares upon the successful achievement of hurdles relating to performance rights granted in prior years.

During the prior year Mr Evans was allocated 49,387 shares upon the successful achievement of hurdles relating to performance rights granted in prior years.

(iv) **Mr S Maikranz** is a party to a service contract with Imdex Limited, which sets out a fixed compensation package reviewable annually. The service contract specifies a 12 week notice period in the event that the contract is terminated.

In the current year Mr Maikranz did not earn a cash bonus as specified targets were not met. A bonus of $111,137 could have been earned by Mr Maikranz had the targets been met. Mr Maikranz did not earn a cash bonus in the prior year as specified targets were not met. A bonus of $16,500 could have been earned by Mr Maikranz had the targets been met.

No options were granted to Mr Maikranz in the current year or in the prior year.

Mr Maikranz was granted 518,750 performance rights in the current period under the Performance Rights Plan. The hurdles relating to the tranche 14 performance rights are the same hurdles detailed above for Mr Loughlin and Mr Evans. For hurdles relating to the tranche 12 performance rights refer to note 33.

No performance rights were granted to Mr Maikranz in the prior year.

(v) **Ms P Italiano** commenced as the Chief Executive, AMC Minerals on 12 January 2015 and is a party to a service contract with Imdex Limited, which sets out a fixed compensation package reviewable annually. The service contract specifies a 12 week notice period in the event that the contract is terminated.

In the current year Ms Italiano did not earn a cash bonus as specified targets were not met. A bonus of $50,000 could have been earned by Ms Italiano had the targets been met.

No options were granted to Ms Italiano in the current year.

Ms Italiano was granted 318,750 performance rights in the current period under the Performance Rights Plan. The hurdles relating to the tranche 14 performance rights are the same hurdles detailed above for Mr Loughlin and Mr Evans. For hurdles relating to the tranche 15 performance rights refer to note 33.

(vi) **Mr M Parsons** resigned as Chief Executive, AMC Minerals on 16 November 2014 and was not paid any termination payments.

No cash bonus was earned in the current or prior year.

No options or performance rights were granted to Mr Parsons in the current or prior year.

Bonuses granted to Directors and Key Management Personnel

During the current year there were no bonuses earned by Directors and Key Management Personnel. Bonuses are paid on the achievement of performance criteria specific to the individual and as performance hurdles were not met in the current year then no bonus was paid. The performance criteria used are chosen by the Remuneration Committee annually and are linked to the financial performance of the company and hence shareholder value. Performance criteria typically revolve around areas of risk management, people development, systems improvement and EBITA performance. Performance criteria are reviewed by the Remuneration Committee against budgeted outcomes before granting bonuses.

Imdex Loyalty Programme

Imdex Limited has in place a global Loyalty Programme in recognition of employees with long standing years of service.

Employees with 5, 10, 15, 20 or 25 years employment with Imdex will be entitled to rewards for their years of service. Rewards range from a $500 voucher for 5 years' service through to a cash equivalent of 3 and 6 months' salary for employees who remain with the business for 20 and 25 years respectively.

(f) Remuneration Report (audited) (continued)

Key Management Personnel Equity Holdings

2015	Balance at 1 July 2014	Granted as compensation	Received on exercise of options	Net other change #	Balance at 30 June 2015	Balance held nominally
	No.	No.	No.	No.	No.	No.
Mr B W Ridgeway	2,343,506		-	-	2,343,506	-
Mr R W Kelly	380,000	-	-	-	380,000	-
Mr K A Dundo	150,000	-	-	-	150,000	-
Mr M Lemmel [1]	562,000	-	-	70,000	632,000	-
Ms E Donaghey	210,000	-	-	50,000	260,000	-
Mr D J Loughlin	-	12,120	-	(12,120)	-	-
Mr P A Evans	396,044	12,120	-	-	408,164	-
	4,041,550	24,240	-	107,880	4,173,670	-

2014	Balance at 1 July 2013	Granted as compensation	Received on exercise of options	Net other change #	Balance at 30 June 2014	Balance held nominally
	No.	No.	No.	No.	No.	No.
Mr B W Ridgeway	2,214,630	128,876	-	-	2,343,506	-
Mr R W Kelly	380,000	-	-	-	380,000	-
Mr K A Dundo	150,000	-	-	-	150,000	-
Mr M Lemmel [1]	648,000	-	-	(86,000)	562,000	-
Ms E Donaghey	210,000	-	-	-	210,000	-
Mr D J Loughlin	207,343	53,982	-	(261,325)	-	-
Mr P A Evans	346,657	49,387	-	-	396,044	
Mr G E Weston [2]	499,151	54,245	-	(553,396)	-	-
	4,655,781	286,490	-	(900,721)	4,041,550	-

- represent on market transactions
[1] Resigned 30/06/2015
[2] Resigned 31/12/2013

Value of performance rights granted to Directors and Key Management Personnel

Performance rights are granted to Key Management Personnel at a fixed percentage of their base salaries depending on seniority. Percentages range from 7.5% to 25%. Each performance right is to be satisfied by the allocation/allotment of one fully paid Imdex Limited ordinary share for nil consideration should specified performance hurdles be met. The following table discloses the value of performance rights granted and allocated as shares during the year:

	Granted		Satisfied by the allocation/allotment of shares		Percentage of remuneration for the year that consisted of performance rights
		Value at grant date		Value at allocation/ allotment date	
	Number	$	Number	$	%
B W Ridgeway (i)	723,226 (MD Tranche)	331,599	-	-	1%
D J Loughlin (ii)	253,952 (Tranche 14)	152,371	12,120	7,636	7%
P A Evans (ii)	247,800 (Tranche 14)	148,680	12,120	7,636	7%
S Maikranz (ii)	300,00 (Tranche 12)	180,000	-	-	18%
S Maikranz (ii)	218,750 (Tranche 14)	131,250	-	-	
P Italiano (ii)	218,750 (Tranche 14)	131,250	-	-	21%
P Italiano (ii)	100,000 (Tranche 15)	38,500	-	-	

(i) Approved by the shareholders at the Annual General Meeting on 16 October 2014.

(ii) Granted per the Performance Rights Plan.

(f) Remuneration Report (audited) (continued)

Key Management Personnel Performance Rights Holdings

2015

	Balance at 1 July 2014 No.	Granted as compensation No.	Satisfied by the allocation/ allotment of shares No.	Expired No. #	Closing balance at 30 June 2015 No.
Mr B W Ridgeway	718,136	723,226	-	(153,318)	1,288,044
Mr D J Loughlin	12,120	253,952	(12,120)	-	253,952
Mr P A Evans	12,120	247,800	(12,120)	-	247,800
Ms P Italiano [1]	-	318,750	-	-	318,750
Mr S Maikranz	-	518,750	-	-	518,750
	742,376	2,062,478	(24,240)	(153,318)	2,627,296

2014

	Balance at 1 July 2013 No.	Granted as compensation No.	Satisfied by the allocation/ allotment of shares No.	Expired No. #	Closing balance at 30 June 2014 No.
Mr B W Ridgeway	614,715	300,000	(128,876)	(67,703)	718,136
Mr D J Loughlin	77,394	174,603	(53,982)	(185,895)	12,120
Mr P A Evans	72,586	170,635	(49,387)	(181,714)	12,120
Mr G E Weston [2]	80,933	192,460	(54,245)	(219,148)	-
	845,628	837,698	(286,490)	(654,460)	742,376

[1] Commenced 12/01/15
[2] Resigned 31/12/2013

Performance rights expired where performance hurdles were not met. No value was received where performance rights expired.

More information on the Performance Rights Plan can be found in note 33.

Share options held by Directors and Key Management Personnel

No options were issued to, granted to or exercised by Key Management Personnel in the current or prior year.

There were no share options held by Directors and Key Management Personnel at the end of the current financial year or in the prior financial year.

(f) Remuneration Report (audited) (continued)

Other transactions with key management personnel (and their related parties) of Imdex Limited

(a) Mr K A Dundo is a Partner of the legal firm HopgoodGanim, that provided legal services to the Imdex Group on normal commercial terms and conditions. Total legal costs arising from HopgoodGanim were $440,354 (2014: $506,857).

Transactions with Directors

	2015 $	2014 $
Profit from ordinary activities before income tax includes the following items of income and expenses relating to transactions, other than compensation, with Directors or their related entities:		
Legal services expense	440,354	506,857
Total assets and liabilities arising from transactions, other than compensation, with Directors or their related entities:		
Current Liabilities	131,346	70,680

(b) Mr I Gustavino was appointed as a Director on 3 July 2015 and is also a Partner in Atrico Pty Ltd, a consulting company issued 900,000 options on 24 August 2014 prior his commencement as an Imdex Director. These options do not relate to his remuneration - refer to note 32 for further details in relation to these options.

(g) Performance Rights

Performance Rights in existence during the current year

2015	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights				
					Opening balance	Granted	Satisfied by the allocation/ allotment of shares	Expired ^	Closing balance
MD Tranche	20-Oct-11	Oct-16	-	1.910	153,318	-	-	(153,318)	-
Tranche 7	5-Sep-11	Aug-15	-	2.100	640,000	-	(141,250)	(6,250)	492,500
Tranche 9	7-Oct-11	Aug-16	-	1.790	210,596	-	(174,975)	(35,621)	-
MD Tranche	18-Oct-12	Oct-17	-	1.440	264,818	-	-	-	264,818
MD Tranche	17-Oct-13	Oct-18	-	0.780	300,000	-	-	-	300,000
Tranche 12	1-Jul-14	Oct-18	-	0.600	-	300,000	-	-	300,000
Tranche 13	1-Jul-14	Oct-18	-	0.600	-	153,730	-	-	153,730
Tranche 14	1-Jul-14	Jun-17	-	0.600	-	4,766,065	-	(614,693)	4,151,372
MD Tranche	16-Oct-14	Jun-17	-	0.630	-	723,226	-	-	723,226
Tranche 15	12-Jan-15	Jan-18	-	0.380	-	100,000	-	-	100,000
Tranche 16	12-Jan-15	Jan-17	-	0.380	-	75,000	-	-	75,000

^ - Performance rights expire either on failure to maintain employment tenure or on failure to satisfy performance hurdles.

Refer below for vesting details.

(g) Performance Rights (continued)

Performance rights on issue at the date of this report

Issuing Entity	Class	Class of shares	Exercise price	Grant date	Expiry date	Key terms	Number of shares under performance right
Imdex Limited	Performance Rights (Tranche 7)	Ordinary	Nil	5 Sept 2011	Aug 2016	(aa)	492,500
Imdex Limited	Performance Rights (Managing Directors' Tranche 3)	Ordinary	Nil	18 Oct 2012	Oct 2017	(bb)	264,818
Imdex Limited	Performance Rights (Managing Directors' Tranche 4)	Ordinary	Nil	17 Oct 2013	Oct 2018	(cc)	300,000
Imdex Limited	Performance Rights (Tranche 12)	Ordinary	Nil	1 Jul 2014	Jun 2017	(dd)	200,000
Imdex Limited	Performance Rights (Tranche 13)	Ordinary	Nil	1 Jul 2014	Jun 2017	(ee)	102,487
Imdex Limited	Performance Rights (Tranche 14)	Ordinary	Nil	1 Jul 2014	Jun 2017	(ff)	4,151,372
Imdex Limited	Performance Rights (Managing Directors' Tranche 5)	Ordinary	Nil	16 Oct 2014	Jun 2017	(gg)	723,226
Imdex Limited	Performance Rights (Tranche 15)	Ordinary	Nil	12 Jan 2015	Jan 2018	(hh)	100,000
Imdex Limited	Performance Rights (Tranche 16)	Ordinary	Nil	12 Jan 2015	Jan 2017	(ii)	75,000

(aa) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited with 1/4 allotted August 2014 and the remaining 3/4 allotted August 2015 with the anniversary date being the day after signature of the FY14 independent audit report. Subject to ongoing employment tenure.

(bb) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about October 2017. Subject to the achievement of specified performance hurdles and ongoing employment tenure.

(cc) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about October 2018. Subject to the achievement of specified performance hurdles and ongoing employment tenure.

(dd) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited in equal 1/3 lots annually commencing on or about July 2015. Subject to ongoing employment tenure.

(ee) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited in equal 1/3 lots annually commencing on or about July 2015. Subject to ongoing employment tenure.

(ff) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about July 2017. A combination of Performance Rights subject to the achievement of specified performance hurdles and ongoing employment tenure, and Performance Rights subject only to ongoing employment tenure.

(gg) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about July 2017. Subject to the achievement of specified performance hurdles and ongoing employment tenure.

(hh) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited in equal 1/3 lots annually commencing on or about Jan 2016. Subject to ongoing employment tenure.

(ii) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about Jan 2017. Subject to ongoing employment tenure.

More information of the Performance Rights Plan can be found in note 33.

(h) Share options

Share options on issue at the date of this report

Issuing Entity	Class	Class of shares	Exercise price	Issue date	Expiry date	Key terms	Number of shares under option
Imdex Limited	Consultant's Options	Ordinary	100 cents	26 August 2014	Sep 2017	(aa)	900,000

(aa) exercisable in equal 1/3 lots annually commencing on or about August 2015.

There were no share options exercised during or since the end of the financial year.

(i) Principal Activities

The Group's principal continuing activities during the course of the financial year were providing drilling fluid products, advanced downhole instrumentation, data solutions and geo-analytics services to exploration, development and production companies in the minerals and oil and gas sectors worldwide.

(j) Review of Operations

Imdex's Minerals Division performed well during FY15 despite challenging market conditions. Divisional revenue increased 13% on the previous year and the average number of REFLEX instruments on hire was up 14%. This positive result by the Minerals Division was driven by: a modest increase in brownfield drilling activity by the major resource companies; additional market share gained by the company's fluids business; and growing demand for Imdex's new technologies. The company was particularly encouraged by this growing demand, as the new technologies provide a unique platform to increase revenue and earnings in FY16 and beyond – even if market conditions remained static.

During FY15 Imdex's Minerals Division continued to make significant progress with its pipeline of development and marketing of new technologies. The Division also successfully diversified its customer base to include additional resource companies and non-mining applications.

As anticipated, the collapse of the oil price and widespread downturn of the oil and gas sector had an adverse impact on Imdex's Oil & Gas Division during 2H15. Combined divisional revenue for the full year decreased 15% on the previous corresponding period due to the reduced oil and gas revenue. Notwithstanding the growth potential as the energy sector stabilises, the company has restructured AMC Oil & Gas to align with current market conditions – Imdex's 30.65% owned Vaughn Energy Services (VES) joint venture has also taken similar action. Significant costs have been taken out of these businesses and the Oil & Gas Division is forecast to be breakeven from, and including, 1Q16. The Board of Imdex has made a strategic decision to divest its 30.65% share in VES. The funds from this divestment will be applied to working capital. A review by the Company's financiers has resulted in an in principle resetting of covenant requirements for FY16 on the condition that a minimum of $25m of debt is repaid to the financiers prior to 30 September 2015.On 18 August 2015 the Directors announced a proposed capital raising for the purposes of debt reduction.

Financial results for FY15:

- Statutory revenue up 3% to $188.2m (FY14: $183.5m);
- Minerals Division revenue up 13% to $141.1m reflecting continuing signs of improvement and further customer take-up of new technologies;
- Oil & Gas Division revenue down 15% reflecting significantly lower activity within the sector due to the fall in oil prices;
- Combined revenue (excluding interest) up 2% to $208.6m (FY14: $204.6m);
- Underlying EBITDA of $11.6 m* (FY14: $8.0m**) with the Minerals Division improving 44% from the prior corresponding period to EBIDA of $23.9m;
- EBITDA loss of $3.8m (FY14: a profit of $4.8 million), impacted by a number of one-off items;
- Net loss after tax of $22.5m (FY14: a loss of $5.3m);
- Net assets of $160.8m (30 June 2014: $176.9m);
- Positive operating cash-flow of $8.8m (FY14: $2.9m); and
- Reduced gearing with net debt / capital of 17.2% (30 June 2014: 18.5%).

**Adjusted to exclude one-off items (totalling a net loss of $15.4m) as follows: $14.2m profit on the partial sale of Imdex's shareholding in Sino Gas & Energy Holdings (ASX: SEH); $29.6m of largely non-cash items ($18.0m of fixed asset write downs and $9.5m of inventory write offs, debtors provisioning and restructure costs predominantly associated with the reshaping of the oil & gas division and $2.1m of costs relating to the product containment incident as reported on 13 March 2014.)*

*** Adjusted to exclude one-off items (totalling a net loss of $3.2m) as follows: $24.1m profit on the partial sale of Imdex's shareholding in Sino Gas & Energy Holdings (ASX: SEH); $18.2m of non-cash items ($14.4m of asset write downs and $3.8m of closure costs); and $9.1m of costs and provisions relating to the product containment incident as reported on 13 March 2014.*

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

(j) Review of Operations (continued)

Key operational highlights included:

- Commercialisation of the REFLEX EZ-GYRO, the world's first north seeking driller operated gyro, during the latter part of 1H15;
- Successful marketing of new REFLEX technologies;
- Increasing uptake of REFLEX HUB by large resource companies and mining service companies;
- Release of two new secure REFLEX HUB modules that provide customers with total visibility of operating costs in real-time, together with enhanced planning capabilities;
- Expansion of customer base, together with greater exposure to resource companies and the production phase of the mining cycle;
- Increasing demand for AMC's Solids Removal Units – particularly in the Americas;
- Greater exposure to non-mining applications including horizontal directional drilling and waterwell markets;
- Increased collaboration with customers to reduce their costs and increase operational efficiencies;
- Continued product development producing a strong pipeline of new AMC and REFLEX technologies; and
- The acquisition of 2iC Australia Pty Ltd (2iC), effective 1 September 2014.

(k) Dividends

No dividend was paid during the current or prior year.

(l) Changes in State Of Affairs

There were no significant changes in the state of affairs of the Group.

(m) Subsequent Events

On 3 July 2015, Mr Ivan Gustavino was appointed a Non Executive Director.

On 18 August 2015 Imdex announced a proposed capital raising in relation to the matters referred to in note 2(a).

(n) Future Developments

The outlook for Imdex's minerals markets in FY16 remains encouraging. Fourth quarter performance of the Minerals Division provides further evidence market conditions are gradually improving: divisional revenue increased 7% from 3Q15; the average number of REFLEX rental instruments on hire increased quarter-on-quarter from 1H15; and demand for SRUs remains strong with significant orders forecast for 1Q16.

The increase in activity within the minerals industry continues to be underpinned by brown field expenditure, principally by large resource companies; and is expected to continue at a measured rate throughout FY16. Encouragingly, the interest in Imdex's new technologies is continuing to gain momentum. Customers are increasingly focused on utilising technology to reduce costs and increase the efficiency of their operations – Imdex technologies enable them to achieve this and provide the Company with a growing and sustainable annuity revenue stream. Imdex's investment in its technology development through the cycle means the Company can generate additional revenue and earnings from changing customer needs in the short-term and remains well positioned to benefit from the upturn in the minerals sector.

The outlook for the energy sector remains uncertain for the short-term; however, Imdex's Oil & Gas Division has been restructured for current market conditions and will be breakeven in 1Q16. The Company will continue to monitor the impact of the current operating environment to ensure its strategy remains appropriate and in the best interests of its shareholders.

Key Areas of Focus and Growth Initiatives for FY16

Imdex has successfully developed a pipeline of leading technologies and services to support customers within the minerals industry. During FY16 the company will leverage its advantages within the minerals sector and focus on the following growth initiatives:

- Commercialising new technologies that are currently being trialled or are in the later stages of development;
- Marketing new technologies to new and existing customers via Imdex's established global operations;
- Increasing annuity revenue streams via REFLEX HUB;
- Working closely with and supporting customers to increase the productivity and efficiency of their operations;
- Diversifying its customer base to include additional resource companies and non-mining applications, including HDD and waterwell markets;
- Leveraging Imdex's specialist expertise and product development capabilities; and
- Increasing market share in previously under-penetrated regions.

(n) Future Developments (continued)

While Imdex continues to invest in growth opportunities, the Company will do so with a strong focus on cost discipline and prudent working capital management. With the equity raising completed (refer note (m), Subsequent Events), concurrently the Company will pursue the sale of its 30.65% interest in VES in order to further reduce the debt facility and to provide working capital."

(o) Environmental Regulations

The only entity in the Group that is subject to environmental regulations is Samchem Drilling Fluids and Chemicals (Pty) Ltd. They are required to comply with the South African National Water Act, Act No 36 of 1998 which requires the management of effluent discharge. This is controlled through an effluent system.

(p) Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 6 to the Financial Report. The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the fees paid for services provided as disclosed in note 6 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk and Compliance Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

(q) Auditor's Independence Declaration

The auditor's independence declaration is included in the Annual Report immediately prior to the Audit Report.

(r) Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

(s) Rounding Off of Amounts

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to S.298(2) of the Corporations Act 2001.

On behalf of the Directors

Ross. Kelly.

Mr Ross Kelly AM

Chairman

PERTH, Western Australia, 18 August 2015.

Deloitte Touche Tohmatsu
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The Board of Directors
Imdex Limited
216 Balcatta Road
BALCATTA WA 6021

18 August 2015

Dear Board Members

Imdex Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Imdex Limited.

As lead audit partner for the audit of the financial statements of Imdex Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Imdex Limited

Report on the Financial Report

We have audited the accompanying financial report of Imdex Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 19, and 25 to 81.

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 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated 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 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.

Auditor's Independence Declaration

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 Imdex 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 Imdex 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 2015 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material uncertainty

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the Consolidated Entity incurred a net loss after tax of $22,503,000 during the year ended 30 June 2015 and that a minimum of $25 million of borrowing is required to be repaid prior to 30 September 2015. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about Company and Consolidated Entity's ability to continue as going concerns and therefore, the Company and Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 3 to 11 of the directors' report for the year ended 30 June 2015. 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 Imdex Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 18 August 2015

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group;

(c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2 to the financial statements; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 24 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

Dated at Perth, 18 August 2015.

Ross. Kelly.

Mr Ross Kelly AM
Chairman

CORPORATE GOVERNANCE STATEMENT

ASX Governance Principles and ASX Recommendations

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures. ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons for not following them.

Unless otherwise indicated the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted by the Company for the full year ended 30 June 2015. In addition, the Company has a Corporate Governance section on its website: www.imdexlimited.com (under the "Investors" heading) which includes the relevant documentation suggested by the ASX Recommendations.

The Group's Corporate Governance Statement for the financial year ending 30 June 2015 is dated as at 30 June 2015 and was approved by the Board on 15 July 2015.The extent to which Imdex has complied with the ASX Recommendations during the year ended 30 June 2015, and the main corporate governance practices in place are set out below.

Principle 1: Lay solid foundation for management and oversight

The Board has implemented a Board Charter that formalises the functions and responsibilities of the Board. The Charter is published on the Company's website.

The performance of Senior Executives is measured against prescribed criteria as set by the Remuneration Committee. These criteria are set annually and individual performance is assessed annually.

Principle 2: Structure the Board to add value

Imdex's Board structure is consistent with the ASX Recommendations on Principle 2, with the exception that it does not have a separate nomination committee for the reasons detailed below.

(i) Board Structure

The Board consists of a Non Executive Chairman, three Non Executive Directors and one Executive Director. Of the five Board members, four are considered independent.

On 30 June 2015, Mr M Lemmel resigned as a Non Executive Director and on 3 July 2015 Mr I Gustavino was appointed as a Non Executive Director.

In accordance with the Company's Constitution the minimum number of Directors is three. There is no maximum number, although it would be expected that the optimal number of Directors would be five or six.

The names of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report and further details concerning the skills, experience, expertise and term of office of each Director is set out in the Director's Profiles in the first section of the Annual Report.

(ii) Board Independence

Directors are expected to bring independent judgement to the decision making of the Board. To facilitate this, each Director has the right to seek independent legal advice at the Group's expense with the prior approval of the Chairman, which may not be unreasonably withheld.

In assessing Director independence, materiality has been determined from both a quantitative and qualitative perspective. An amount of over 5% of turnover is considered material. Similarly, a transaction of any amount, or a relationship, is deemed material if knowledge of it impacts, or may impact, the Shareholders' understanding of the Director's performance. The Board has conducted a review of each Director's independence and reports as follows:

Director	**Assessment**	**Existence of any matters contained in ASX Recommendation 2.1 affecting Independence**
Mr R W Kelly, Non Executive Chairman	Independent	Nil
Mr B W Ridgeway, Managing Director	Not Independent	Managing Director
Mr K A Dundo, Non Executive Director	Independent	Nil
Mr M Lemmel, Non Executive Director (resigned 30 June 2015)	Independent	Nil
Ms E Donaghey, Non Executive Director	Independent	Nil
Mr I Gustavino Non Executive Director (appointed 3 July 2015)	Independent	Nil

(iii) Board Nomination

The Board does not have a separate nomination committee and, given the Company's size, does not intend to form such a committee. However, the composition of the Board is determined using the following principles:

- The Board should comprise a majority of independent, Non Executive Directors with a broad range of experience, skills and expertise;

- The Chairman of the Board should be an independent, Non Executive Director; and

- The roles of the Chairman and the Managing Director should not be exercised by the same individual.

(iv) Procedure for the selection and appointment of new Directors to the Board

The Company has published on its website, procedures for the selection and appointment of new Directors to the Board. The Company also has terms and conditions which govern the appointment of Non Executive Directors. These are subject to the Company's Constitution and the Corporations Act 2001, and cover: appointment, retirement, Corporate Governance, remuneration, Board meetings, and Board Committees.

The Board does not impose on Directors an arbitrary time limit on their tenure. Under the Company's Constitution and the ASX Listing Rules however, each Director must retire by rotation within a three year period following their appointment. In such cases, the Director's nomination for re-election should be based on performance and the needs of the Company.

(v) Process for evaluating the performance of the Board, its committees and individual Directors

Board performance is measured primarily by means of monitoring Group profitability and share price performance in the market. Individual Director performance is also measured by way of monitoring meeting attendance and individual contributions made at these meetings.

Principle 3: Promote ethical and responsible decision-making

Diversity

The Company has adopted a diversity policy to guide the Company's employees and Board in developing and achieving its diversity objectives. The Company values diversity among its workforce and seeks to employ, retain and develop employees for the long term, assisting in their development and the development of the culture and values of the Company. This is done by promoting the value of different perspectives, ideas and benefits brought by engaging employees from all available talent.

The Company seeks to develop a culture of diversity within the Company whereby a mix of skills and diverse backgrounds are employed by the Company at all levels. This is achieved by:

- developing and maintaining a diverse and skilled workforce through transparent recruitment processes

- promoting an inclusive workplace culture that values and utilises the contributions of all employees backgrounds, experiences and perspective through improved awareness of the benefits of workforce diversity

- facilitating diversity in the workplace by developing programs that promote growth for all employees, so each employee may reach their full potential, and providing maximum benefit for the Company

- reviewing the demographic profile at all levels of the Company (considering any patterns or gaps that are apparent); and

- setting measurable objectives to encourage diversity within the Company.

The Board continues to work on objectives that will work towards achieving these goals. The objectives will be reviewed and analysed regularly to assist the Company to benefit from a diverse workplace.

At 30 June 2015:

- of our Board positions, four (80%) were held by males, and one (20%) was held by a female.

- of nine senior executive positions, seven (78%) were held by males, and two (22%) was held by a female.

- of 523 full time employees, 404 (77%) were male and 119 (23%) were female.

Code of Conduct

The Board of Directors and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company's Code of Conduct (Code) provides all of its employees with an ethical and legal framework for their decisions and actions in relation to the conduct of their employment by establishing the minimum standard of conduct expected.

CORPORATE GOVERNANCE STATEMENT

The Code provides guidance to employees on carrying out their duties and includes:

- acting ethically, honestly and with integrity
- ensuring work is carried out efficiently, economically and effectively; and
- follow the policies of the Company and encourage fellow employees to exercise similar qualities of personal and professional integrity as those outlined in the Code of Conduct.

The Code provides clear directions on conducting business internationally, interacting with governments, communities, and general workplace behaviour having regard to the best practice corporate governance models and is available on the Company's website under the "Corporate Governance" section.

Principle 4: Safeguard integrity in financial reporting

(i) Statement by the Managing Director and Chief Financial Officer

The Managing Director and the Chief Financial Officer have signed a declaration to the Board attesting to the fact that the 2015 Annual Financial Report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

(ii) The Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of three independent Non Executive Directors and operates under a formal charter approved by the Board. The Charter is published on the Company's website.

The Committee is chaired by an independent Chairperson who is not the Chairman of the Board of Directors.

The role of the Committee is to advise on the establishment and maintenance of a framework of internal control, risk management protocols, appropriate ethical standards for the management of the Company and to approve the annual internal audit plan. It also gives the Board assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies for inclusion in Financial Statements.

The members of the Audit, Risk and Compliance Committee during the year and at the date of this Statement were:

Mr K A Dundo (Chairman);
Mr R W Kelly; and
Ms E Donaghey.

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report. The Company Secretary acts as secretary of this Committee.

The external auditors, the Risk Manager, the Managing Director and the Chief Financial Officer are invited to Audit, Risk and Compliance Committee meetings at the discretion of the Committee. Details of meetings held by the Audit, Risk and Compliance Committee during the year are set out in the Directors' Report.

(iii) External Auditors

The Board reviews the performance, skills, cost and other matters when assessing the appointment of external auditors. This review is generally undertaken at the completion of the preparation of the Annual Financial Report and involves discussions with the auditors and the Group's senior management. Information concerning the selection and appointment of external auditors is published on the Company's website.

The external auditors are required to attend the Annual General Meeting of the Company and be available to answer questions from Shareholders.

(iv) Internal Audit

The Group has an internal audit function that reports directly to the Audit, Risk and Compliance Committee. The conduct and independence of the internal audit function are governed by the Internal Audit Charter which is approved by the Audit, Risk and Compliance Committee. The annual work plan of the internal audit function is approved annually by the Audit, Risk and Compliance Committee.

Principle 5: Make timely and balanced disclosure

(i) Continuous disclosure policies and procedures

The Company has developed procedures to ensure that it complies with the disclosure requirements of the ASX Listing Rules. The procedures are published on the Company's website.

The procedures set out who is responsible for determining whether information is of a type or nature that requires disclosure, the Board's role in reviewing the information disclosed to ASX and the procedures for ensuring that the information is released to ASX.

All information disclosed to the ASX is published on the Company's website as soon as practicable.

Principle 6: Respect the rights of Shareholders

Shareholders Communications Strategy: The Board aims to ensure that Shareholders are informed of all major developments affecting the Group 's state of affairs. Information is communicated to Shareholders through:

- the Annual Report which is made available to all Shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;

- the Half-Yearly Report which contains summarised financial information and a review of the operations of the Group during the period. The Half-Year Financial Report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 and is lodged with the Australian Securities & Investments Commission and the Australian Securities Exchange. The Half-Year Financial Report is made available to all Shareholders;

- regular reports released through the ASX and the media including Quarterly Shareholder newsletters;

- proposed major changes in the Group, which may impact on share ownership rights are submitted to a vote of Shareholders; and

- the Board encourages full participation by Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the Shareholders as single resolutions. The Shareholders are responsible for voting on the re-appointment of Non Executive Directors.

Further information concerning the Company and the full text of the various announcements and reports referred to above are available on the Company's website: www.imdexlimited.com. Further information can also be obtained by emailing the Company at: imdex@imdexlimited.com.

The auditor is also invited to the Company's Annual General Meetings and is available to answer Shareholders questions concerning the conduct of the audit.

The Company's Shareholder Communications Strategy is published on the Company's website.

Principle 7: Recognise and manage risk

(i) Risk oversight and management policies

The Board has sought to minimise the business' risks by focusing on the Company's core business. The Board is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

The Company has an independent internal audit function that operates under a Charter approved by the Audit, Risk and Compliance Committee. The Committee reviews the risk management framework on an annual basis and after undergoing a review in this reporting period covered by Appendix 4G does not believe it has any material exposure to economic, environmental and social sustainability risks.

The risk management policy is published on the Company's website.

In addition to receiving Internal Audit Reports, the Audit, Risk and Compliance Committee also receives regular reports from the External Audit function.

(ii) Statement by the Managing Director and Chief Financial Officer

The Managing Director and the Chief Financial Officer have signed a declaration to the Board attesting to the fact that the integrity of Financial Reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the system is operating efficiently and effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT

Principle 8: Remunerate fairly and responsibly

(i) Company's remuneration policies

Details on the remuneration of Directors and Executives as well as the Company's remuneration policies are set out in the Remuneration Report that is contained in the Directors Report.

(ii) Remuneration Committee

The Remuneration Committee consists of three Non Executive Directors and assists the Board in determining executive remuneration policy, determining the remuneration of Executive Directors and reviewing and approving the remuneration of senior management.

The members of the Committee during the year and at the date of this Statement were:

Ms E Donaghey (member for the full year and was appointed Chairperson 9 July 2015)
Mr K Dundo
Mr I Gustavino (appointed 9 July 2015); and
Mr M Lemmel (resigned as member and Chairman on 30 June 2015).

The experience and qualifications of each committee member is set out in the Directors' Profiles in the first section of the Annual Report.

The Remuneration Committee operates under a written Charter that is published on the Company's website.

(iii) Structure of Non Executive Director's remuneration

The terms and conditions governing the remuneration of Non Executive Director's are set out in their appointment letter. All Non Executive Directors are remunerated by way of fixed cash fees. Non Executive Directors are not provided with retirement benefits other than statutory superannuation. The maximum total remuneration payable to Non Executive Directors was approved by Shareholders at the 2006 Annual General Meeting and is currently $500,000. From time to time additional benefits may be agreed with Directors with due regard to market conditions.

IMDEX LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Year Ended 30 June 2015 $'000	Year Ended 30 June 2014 $'000
Revenue from sale of goods and operating lease rental		188,227	183,485
Other revenue from operations		105	72
Total revenue	4	188,332	183,557
Other income	4	147	89
Gain on the disposal of shares in Sino Gas and Energy Holdings Ltd (SEH)	4	14,234	24,094
Raw materials and consumables used	4	(85,853)	(86,870)
Employee benefit expense	4	(56,232)	(51,448)
Depreciation expense	4	(10,287)	(7,575)
Amortisation expense	4	(1,663)	(1,469)
Impairment of fixed assets	4	(17,665)	(3,803)
Impairment of intangibles and goodwill	4	(297)	(3,746)
Finance costs	4	(3,046)	(2,883)
Share of (loss)/profit of associate	26	(1,295)	715
Other expenses	4	(45,019)	(57,723)
Loss before tax		(18,644)	(7,062)
Income tax (expense)/benefit	5	(3,859)	1,785
Loss for the year		(22,503)	(5,277)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment on investment in SEH	18	2,298	17,107
Income tax relating to components of other comprehensive income	18	(689)	(5,132)
Exchange differences arising upon translation of investment in Associate	26	7,242	-
Exchange differences arising on the translation of foreign operations	18	3,996	(595)
Items reclassified to profit or loss			
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax	18	(10,166)	(17,172)
Other comprehensive income for the year, net of income tax		2,681	(5,792)
Total comprehensive loss for the year		(19,822)	(11,069)
Loss attributable to owners of the parent		(22,503)	(5,277)
Total comprehensive loss attributable to owners of the parent		(19,822)	(11,069)
Loss per share			
Basic loss (cents)	19	(10.44)	(2.50)
Diluted loss (cents)	19	(10.44)	(2.50)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

IMDEX LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	30 June 2015 $'000	30 June 2014 $'000
Current Assets			
Cash and Cash Equivalents	28	8,417	10,070
Trade and Other Receivables	7	33,964	39,744
Inventories	8	37,304	42,631
Current Tax Assets	5	847	267
Other	10	3,301	2,870
		83,833	95,582
Financial Asset available for sale	9	-	14,705
Assets classified as Held for Sale	26	32,217	-
Total Current Assets		116,050	110,287
Non Current Assets			
Property, Plant and Equipment	11	42,001	47,180
Investment in Associates	26	-	26,270
Deferred Tax Assets	5	15,630	15,832
Goodwill	12	59,326	60,377
Other Intangible Assets	13	3,297	1,884
Other Receivables		-	957
Total Non Current Assets		120,254	152,500
Total Assets		236,304	262,787
Current Liabilities			
Trade and Other Payables	14	23,415	17,306
Borrowings	15	35,731	6,902
Other Financial Liabilities	29	91	80
Current Tax Liabilities	5	2,397	-
Provisions	16	4,600	16,185
Total Current Liabilities		66,234	40,473
Non Current Liabilities			
Borrowings	15	6,109	43,239
Deferred Tax Liabilities	5	460	-
Provisions	16	2,685	2,153
Total Non Current Liabilities		9,254	45,392
Total Liabilities		75,488	85,865
Net Assets		160,816	176,922
Equity			
Issued Capital	17	93,259	90,259
Shares Reserved for Performance Rights Plan	17	(105)	-
Foreign Currency Translation Reserve	18	(524)	(11,762)
Investment Revaluation Reserve	18	-	8,557
Employee Equity-Settled Benefits Reserve	18	5,407	6,266
Retained Earnings		62,779	83,602
Total Equity		160,816	176,922

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Fully Paid Ordinary Shares	Shares reserved for Performance Rights Plan	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Employee Equity-Settled Benefits Reserve	Mandatory Issuable Capital	Retained Earnings	Total Attributable to Equity Holders of the Entity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013		89,269	(952)	(11,167)	13,754	6,087	990	90,471	188,452
Exchange differences on translation of foreign operations after taxation	18	-	-	(595)	-	-	-	-	(595)
Fair value adjustment on investment in SEH	18	-	-	-	17,107	-	-	-	17,107
Income tax relating to components of other comprehensive income	18	-	-	-	(5,132)	-	-	-	(5,132)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax		-	-	-	(17,172)	-	-	-	(17,172)
Loss for the year		-	-	-	-	-	-	(5,277)	(5,277)
Total comprehensive income for the period		-	-	(595)	(5,197)	-	-	(5,277)	(11,069)
Issue of shares as part consideration for the acquisition of System Mud Industria e Comercio Ltda	17	990	-	-	-	-	(990)	-	-
Dividend paid		-	-	-	-	-	-	(842)	(842)
Shares purchased on market to satisfy performance rights		-	(464)	-	-	-	-	-	(464)
Share based payments - performance rights	18	-	-	-	-	845	-	-	845
Granting/settlement of performance rights	18	-	1,416	-	-	(666)	-	(750)	-
Balance at 30 June 2014		90,259	-	(11,762)	8,557	6,266	-	83,602	176,922
Exchange differences on translation of foreign operations after taxation	18	-	-	3,996	-	-	-	-	3,996
Exchange differences arising upon translation of investment in Associate		-	-	7,242	-	-	-	-	7,242
Fair value adjustment on investment in SEH	18	-	-	-	2,298	-	-	-	2,298
Income tax relating to components of other comprehensive income	18	-	-	-	(689)	-	-	-	(689)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax	18	-	-	-	(10,166)	-	-	-	(10,166)
Loss for the year		-	-	-	-	-	-	(22,503)	(22,503)
Total comprehensive income for the period		-	-	11,238	(8,557)	-	-	(22,503)	(19,822)
Issue of shares as consideration for the acquisition of 2iC Australia Pty Ltd	17,18	3,000	-	-	-	-	-	-	3,000
Share based payments - options	18	-	-	-	-	131	-	-	131
Share based payments - performance rights	18	-	-	-	-	906	-	-	906
Granting/settlement of performance rights	18	-	216	-	-	(1,896)	-	1,680	-
Shares purchased on market to satisfy performance rights		-	(321)	-	-	-	-	-	(321)
Balance at 30 June 2015		93,259	(105)	(524)	-	5,407	-	62,779	160,816

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Notes	Year Ended 30 June 2015 $'000	Year Ended 30 June 2014 $'000
Cash Flows From Operating Activities			
Receipts from customers		217,212	201,995
Payments to suppliers and employees		(205,002)	(197,690)
Interest and other costs of finance paid		(3,008)	(2,850)
Income tax (paid)/refund		(388)	1,459
Net cash provided by Operating Activities	28(c)	8,814	2,914
Cash Flows From Investing Activities			
Interest received		105	72
Payment for property, plant and equipment		(15,998)	(16,903)
Payment for development costs capitalised	13	(1,282)	-
Proceeds from sale of SEH shares, net of transaction costs	9	17,003	28,414
Proceeds from sale of property, plant and equipment		137	540
Acquisition of 2iC Australia Pty Ltd	25	(162)	-
Net cash (used in)/provided by Investing Activities		(197)	12,123
Cash Flows From Financing Activities			
Shares purchased on market to satisfy performance rights		(321)	(464)
Dividend paid to owners of the Company		-	(842)
Hire purchase and lease payments		(290)	(266)
Hire purchase debt raised		1,378	-
Proceeds from borrowings		11,749	46,568
Repayment of borrowings		(23,941)	(59,743)
Net cash used in Financing Activities		(11,425)	(14,747)
Net (Decrease)/Increase in Cash and Cash Equivalents Held		(2,808)	290
Cash and Cash Equivalents at the Beginning Of The Financial Year		10,070	9,979
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		1,155	(199)
Cash and Cash Equivalents at the End Of The Financial Year	28(a)	8,417	10,070

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL REPORT

1 Adoption of New and Revised Accounting Standards

Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

The Group has early adopted AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'.

The early adoption of this amendment has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards/Interpretations is not, based on management's assessment to date, expected to have any material impact on the financial report of the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part C: 'Materiality'	1 July 2015	30 June 2016

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards:

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' – Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' – Part E: Financial Instruments
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure', AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' – Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' – Part E: Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'
- AASB 2014-8 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)'. For annual reporting periods beginning on or after 1 January 2015, an entity may elect to early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards if the entity's relevant date of initial application is before 1 February 2015, however after that point if an entity wishes to early adopted AASB 9, it must adopt the AASB 9 (December 2014) version.

2 Summary of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 18 August 2015.

Where applicable comparative numbers have been reclassified to ensure consistent disclosure.

(a) Basis of preparation

The Financial Report has been prepared on the basis of historical cost except for the revaluation of current assets held for sale and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity incurred a loss after tax of $22.5m (2014: loss $5.3m) and had a net decrease in cash of $1.6m (2014: net increase in cash of $0.1m). Further, as disclosed in note 15, a review by the Consolidated Entity's financiers has resulted in an in principle re-setting of covenant requirements for FY16 on the condition that a minimum of $25m of debt is repaid to its financiers prior to 30 September 2015.

The directors have taken steps during and subsequent to the year ended 30 June 2015 to ensure that the Company and the Consolidated Entity can continue as going concerns including:

- a significant reduction in overhead costs;
- the decision to review and sell the Consolidated Entity's interest in VES (refer to note 26) to provide additional working capital to support the growth of the Minerals and Oil & Gas business; and
- the decision to proceed with a planned equity raising of up to $35m to be completed prior to the end of September 2015.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that the Company and the Consolidated Entity will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate. The ability of the Consolidated Entity and Company to continue as going concerns is dependent on:

- the ongoing support of the Consolidated Entity's financiers; and
- the successful raising of at least $25m via the planned equity raising (net of costs) by no later than 30 September 2015.

Should the Company and Consolidated Entity not raise the minimum net amount of $25m from the planned equity raising it will need to re-negotiate the ongoing funding and covenant requirements with its financiers and seek a deferment of the obligation to repay debt until such time as alternative funds can be sourced through either the sale of the Consolidated Entity's interest in VES, further reduction in costs and capital expenditure and/or securing debt or equity from new sources.

Should the Company and Consolidated Entity be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Company and Consolidated Entity will be able to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company and Consolidated Entity not continue as going concerns.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as "the Group" in these financial statements). Control is achieved when the Group has power over an entity and is exposed to, or has rights over, the variable returns of the entity, as well as the ability to use this power to affect the variable returns of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2 Summary of Significant Accounting Policies (continued)

(b) Basis of Consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss, and;
- reclassifies to profit or loss or transfers directly to retained earnings, as appropriate, the parent's share of components previously recognised in other comprehensive income.

Interest in associates are equity accounted and are not part of the consolidated Group (see 2(j)).

Transactions and balances between the company and its associates were eliminated in the preparation of consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the associate resulting from these transactions.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis in order to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements and assets held under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The annual depreciation rates used for each class of assets are as follows:

Plant and equipment:	10% to 50%
Leasehold improvements:	10% to 50%

Capital works in progress in the course of construction for production or supply purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

(h) Performance rights

Equity-settled performance rights with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by the use of the Black-Scholes Model, Binomial Tree Method and Monte-Carlo Simulation as appropriate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the performance right is expensed over the vesting period, based on the Group's estimate of shares that will eventually vest.

At each reporting date, the Group revises its estimate of the number of performance rights expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the employee equity-settled benefits reserve.

(i) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

2 Summary of Significant Accounting Policies (continued)

(j) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Imdex Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

2 Summary of Significant Accounting Policies (continued)

(m) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk. This risk is primarily managed through the use of an interest rate cap. Further details of derivative financial instruments are disclosed in the financial instruments note in the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately. The Group has not designated any financial instruments as being hedge accounted.

(n) Financial assets

All financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as 'at fair value through the profit or loss' which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'current assets held for sale', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

(iii) Available-for-sale financial assets

Available-for-sale assets are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. The fair value of available-for-sale monetary assets held in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that results from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity. Available-for-sale financial assets include investments where shareholding is greater than 20% but significant influence is not exerted over the invested company.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate.

(v) Impairment of financial assets

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying value is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(n) Financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(vii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(o) Financial liabilities and equity instruments issued by the Group

(i) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised through profit or loss incorporates any interest paid on the financial liability.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as 'at fair value through profit or loss' upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally or on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as 'at fair value through profit or loss'.

(iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2 Summary of Significant Accounting Policies (continued)

(p) Intangible assets

(i) Intangible assets acquired in a business combination

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their value can be measured reliably. Identifiable intangible assets comprise intellectual property, technology, contracts, customers, development costs and trade marks. These are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Estimated useful lives are as follows:

Intellectual property	10 years
Technology	5-7 years
Contracts	1-5 years (term of contract)
Customers	5-6 years
Trade Names and Patents	1-6 years

Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note 2(u).

(ii) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful life of between 3 and 5 years, commencing on commercialisation of the underlying projects.

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company and the Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company and the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company and the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 Summary of Significant Accounting Policies (continued)

(q) Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company and the Group intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(iv) Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Imdex Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences in the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credit in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(r) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Group as Lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) Group as Lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(iii) Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Summary of Significant Accounting Policies (continued)

(s) Revenue

Revenue is measured at the fair value of the consideration received or receivable. A breakdown of revenue is included in note 4 with the two major types of revenue being the sale of goods and the rendering of services.

(i) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownerships of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Revenue from services (including operating rental income)

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. These contracts are predominately of a short term nature.

The Group's policy for recognition of revenue from operating leases is described in note 2 (r)(i).

(t) Employee benefits

(i) Provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ii) Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(iii) Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(u) Impairment of other tangible and intangible assets (other than goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

2 Summary of Significant Accounting Policies (continued)

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that the Group 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

(x) Contingent Assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(y) Assets Classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (refer to note 2 (j)).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management has not made any significant critical judgements in the process of applying the Group's accounting policies.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Use of forecasts

The directors have considered a number of factors in regard to any forward looking estimates. Imdex's forecasted results for the year ending 30 June 2016 reflect the subdued activity levels within the minerals and oil and gas industries due to the cyclical downturn. The use of estimates is inherently uncertain and requires a significant level of judgement. Forward looking estimates have been used in the preparation of the financial report in respect of impairment of assets, recognition of deferred tax assets, the appropriate level of provisions and preparation of the financial report on the going concern basis. Management and the Directors have concluded that appropriate assessments have been made with respect to the use of forecasts in the preparation of the financial report.

- Impairment of Goodwill, Intangibles, Fixed Assets and Assets Held for Sale

  Determining whether goodwill, intangibles and fixed assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets are attributable. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. A forward looking estimation of this nature is inherently uncertain. Details of the key assumptions made are contained in note 11 (Property, plant and equipment), note 12 (Goodwill) and note 13 (Intangibles). During the current year an impairment loss of $18.0m was recognised (2014: $7.5m). These impairments primarily relate to specific assets as outlined in notes 11 and 12. A goodwill amount of $59.3m, an intangible assets amount of $3.3m and a fixed assets amount of $42.0m have been recognised on the face of the Consolidated Statement of Financial Position.

  The planned disposal of Imdex's investment in VES, which has been classified as an Asset Held for Sale as detailed in note 26 will be subject to commercial negotiations and therefore the sales proceeds may vary from the carrying amount recorded of $32.2m and may be impacted by factors such as market conditions, an assessment of the outlook, the performance of the associate prior to any sale being finalised and foreign exchange movements.

- Recognition of net deferred tax asset and income tax accrual

  A net deferred tax asset of $15.2m has been recognised on the face of the Consolidated Statement of Financial Position. The largest component of this asset is the future tax benefit available to the group in respect of unused tax losses incurred of $5.6m, primarily in relation to Australia, given the high level of non-recurring costs expensed in this and other jurisdictions in the current and prior year. This tax benefit will be realised over the next 3-5 years when future taxable profits are available against which the unused tax losses can be utilised. This net asset has been raised as it is considered more likely than not that it will be realised. In making this assessment of likelihood, a forward looking estimation of cash flows and the likelihood of business success needs to be made. A forward looking estimation of this nature is inherently uncertain. Details of deferred tax balances are contained in note 5.

  As part of the process for preparing the Group's financial statements, management is required to calculate income tax accruals. This process involves estimating the current tax exposures together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Consolidated Statement of Financial Position.

  While the Group aims to ensure the accruals for its tax liabilities are accurate, the process of agreeing tax liabilities with the relevant tax authorities can take time. Management judgement is therefore required in determining the provision for income tax and the recognition of deferred tax assets and liabilities and therefore the actual tax liabilities could differ from the amounts accrued.

Fair value of performance rights

Performance rights as detailed in note 33 are inherently complex to value due to their nature and relationship to the share market and its uncertainties. The Imdex Group therefore engaged valuation professionals to perform a valuation. The models used by the valuation professionals, although they are industry standard models, are subject to limitations and uncertainties.

Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

NOTES TO THE FINANCIAL REPORT

4 Profit/(Loss) from Operations

	2015 $'000	2014 $'000
(a) Revenue from operations		
Revenue		
Revenue from the sale of goods	132,926	137,765
Revenue from services (including operating rental income)	55,301	45,720
Interest income - bank deposits	105	72
	188,332	183,557
(b) Loss before income tax		
Other than as disclosed on the face of the income statement, loss before income tax has been arrived at after crediting / (charging) the following gains and losses:		
Loss on disposal of property, plant and equipment	(469)	(206)
Other income		
Gain on the disposal of shares in SEH (note 9)	14,234	24,094
Other	147	89
	14,381	24,183
Depreciation, amortisation and impairment of Non Current Assets		
Depreciation of Property, Plant and Equipment (note 11)	(10,287)	(7,575)
Amortisation of Intangible Assets (note 13)	(1,663)	(1,469)
Impairment of Goodwill (note 12)	(297)	(1,500)
Impairment of Intangibles (note 13)	-	(2,246)
Impairment of fixed assets (note 11)	(17,665)	(3,803)
	(29,912)	(16,593)
Finance costs		
Interest on hire purchase liabilities	(38)	(33)
Interest on commercial bills/bank loans	(2,767)	(2,717)
Interest on overdraft	(101)	(103)
Other interest	(140)	(30)
	(3,046)	(2,883)
Other expenses		
Commissions	(1,475)	(1,416)
Consultancy fees	(2,759)	(2,297)
Legal and professional expenses (i)	(6,754)	(7,261)
Foreign exchange loss (ii)	(1,777)	(859)
Rent and premises costs	(6,411)	(6,913)
Travel and accommodation	(4,441)	(5,458)
Freight	(1,393)	(1,106)
Motor vehicle costs	(2,352)	(2,700)
Obsolete stock	(2,782)	(2,568)
Doubtful debts (note 7)	(2,232)	(4,199)
Kazakhstan business closure costs	-	(2,437)
Office closure costs	-	(1,400)
Product containment (note 16)	(2,142)	(9,080)
Other expenses	(10,501)	(10,029)
	(45,019)	(57,723)

(i) Includes legal, audit, accounting, share registry and corporate secretarial fees.
(ii) Includes a foreign exchange loss of $1.2 million relating to the Kazakhstan sale where losses previously recognised in Equity were moved to the Statement of Profit or Loss.

4 Profit/(Loss) from Operations (continued)

	2015 $'000	2014 $'000
Employee benefits expense		
Post-employment benefits:		
Defined contribution superannuation costs	(2,779)	(2,649)
Share based payments:		
Equity-settled share based payments - performance rights (note 18)	(906)	(845)
Equity-settled share based payments - options (note 18)	(131)	-
Termination benefits	-	(547)
Other employee benefits	(52,416)	(47,407)
	(56,232)	(51,448)
Cost of sales	(85,853)	(86,870)
Movement in provision for doubtful debts (note 7)	(2,232)	(4,199)
Operating lease rental (minimum lease payments)	(7,281)	(7,045)

5 Income Taxes

	2015 $'000	2014 $'000
(a) Income tax expense/(benefit) recognised in the income statement		
Tax expense/(benefit) comprises:		
Current tax expense	3,855	2,757
Deferred tax benefit relating to the origination and reversal of temporary differences	517	(3,728)
Over provision in prior year	(513)	(814)
Total tax expense/(benefit)	3,859	(1,785)

Prima facie income tax expense/(benefit) on pre-tax accounting loss from operations reconciles to income tax expense/(benefit) in the financial statements as follows:

	2015 $'000	2014 $'000
Loss from operations	(18,644)	(7,062)
Income tax benefit calculated at 30%	(5,593)	(2,119)
Impairment of assets and investments (i)	4,028	450
Tax losses not recognised or impaired for deferred tax purposes (ii)	4,709	638
Capital losses on sale of investments	1,445	-
Non-deductible share of loss/(profit) of Associate	388	(215)
Other non-deductible and non-assessable items	(432)	(629)
Tax rate differential arising from foreign entities	(173)	904
Over provision in prior year income tax	(513)	(814)
	3,859	(1,785)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian law. There has been no change in the corporate tax rate when compared with the previous reporting year.

(i) Deferred tax impact of impairment expenses recorded to the extent they create permanent differences (including impairment of goodwill, impairments in jurisdictions where losses have not been recognised and the impact of tax rate differentials for impairments included in jurisdictions with tax rates other than 30%).

(ii) Deferred tax impact of current year tax losses not recognised and impairment of previously recognised tax losses. Unrecognised losses are disclosed in note 5(d) and key judgements have been included in note 3.

5 Income Taxes (continued)

	2015 $'000	2014 $'000
(b) Income tax recognised directly in Other Comprehensive Income		
The following current and deferred amounts were charged directly to equity during the year:		
Deferred tax: SEH fair value uplift taken directly to reserve	(689)	(5,132)
(c) Current tax assets and liabilities		
Current tax receivable	847	267
Current tax payable	2,397	-
(d) Deferred tax balances		
Deferred tax assets comprise:		
Provisions	4,856	7,391
Inventory	1,495	1,820
Property, plant and equipment	2,897	3,041
Carry forward tax losses in subsidiary companies (i)	5,553	5,220
Accruals	635	469
Foreign currency movement	-	1,638
Other	194	548
	15,630	20,127
Deferred tax liabilities comprise:		
Intangible assets	(224)	(280)
Available-for-sale non-current assets	-	(3,667)
Untaxed reserves	(236)	(348)
	(460)	(4,295)
Net deferred tax balances	15,170	15,832
Unrecognised deferred tax assets:		
The following have not been brought to account as assets:		
Temporary differences relating to the translation of investments in subsidiary undertakings	3,200	2,018
Deferred Tax Assets in respect of unrecognised tax losses	6,086	761
Deferred Tax Assets in respect of unrecognised provisions	780	-

(i) Tax losses of $20.7m have been incurred by the Group in the regions of Asia Pacific, Europe and South America.

Tax Consolidation

Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 1 July 2003. The head entity in the tax consolidated group for the purposes of the tax consolidation system is Imdex Limited.

NOTES TO THE FINANCIAL REPORT

5 Income Taxes (continued)

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding and a tax-sharing agreement with the head entity. Under the terms of this agreement, Imdex Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the net accounting profit or loss of the entity and the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable by the head entity under the tax funding arrangement.

The amount of contribution or distribution relating to tax consolidation in the current and prior year amounted to nil.

6 Remuneration of Auditors

	2015 $	2014 $
Deloitte Touche Tohmatsu (Australia)		
Audit or review of the financial report	356,475	345,500
Other audit related services	9,100	9,000
Taxation services - mainly compliance work, transfer pricing and global restructuring advice	29,460	47,176
	395,035	401,676
Deloitte Touche Tohmatsu (overseas affiliates)		
Audit or review of the financial report	35,500	56,300
Taxation services - mainly compliance work, transfer pricing and global restructuring advice	39,150	47,919
Other non-audit services: Other consulting services	-	22,750
	74,650	126,969
Other auditors		
Audit or review of the financial report	27,636	28,534
Total Auditor Remuneration	497,321	557,179

7 Trade and Other Receivables

	Notes	2015 $'000	2014 $'000
Current			
Trade receivables	(i)	36,039	42,650
Allowance for doubtful debts	(ii)	(3,948)	(4,771)
		32,091	37,879
Other receivables		1,873	1,865
		33,964	39,744

(i) The average credit period on sales of goods is around 60 days. Trade receivables are interest free. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and specific knowledge of individual debtors circumstances.

	2015 $'000	2014 $'000
Ageing of past due but not impaired debtors		
0 - 30 days past due	1,203	1,719
31 - 60 days past due	4,565	7,493
61 + days past due	1,522	2,498
	7,290	11,710

The above analysis shows debtors that are past due at the end of the reporting date where no provision has been raised as the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(ii) Movement in the allowance for doubtful debts

	2015 $'000	2014 $'000
Balance at the beginning of the year	4,771	1,269
Amounts written off during the year	(3,055)	(697)
Increase in allowance recognised in profit or loss	2,232	4,199
Balance at the end of the year	3,948	4,771

All impaired debtors are in excess of 90 days overdue.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

8 Inventories

	2015 $'000	2014 $'000
Current		
Raw materials	8,569	7,597
Work in progress	957	1,321
Finished goods	27,778	33,713
	37,304	42,631

An allowance for diminution of stock of $956,666 existed at 30 June 2015 (2014: $2,762,530).

NOTES TO THE FINANCIAL REPORT

9 Financial Assets Available for Sale

	Notes	2015 $'000	2014 $'000
Current			
Financial Asset Available for Sale			
Investment in Sino Gas and Energy Holdings Ltd (SEH)	(i)	-	14,705

(i) At 30 June 2015, Imdex had disposed of its entire shareholding in SEH. At 30 June 2014, Imdex held 91.9m fully paid ordinary shares in SEH. This amounted to 6.01% of the issued share capital of SEH.

This asset was non-core and accordingly, this investment was classified as a Financial Asset Held for Sale and carried at fair value in prior periods.

During the current year Imdex sold the remaining 91.9m shares of its SEH shareholdings at a share price of 18.5 cents per share to realise gross cash proceeds of $17.0m at a book profit before tax of $14.2m.

During the prior year Imdex disposed of 160m SEH shares to realise gross cash proceeds of $28.4m at a book profit before tax of $24.1m.

SEH shares have previously been accounted for as a financial asset held for sale, with revaluation gains/losses recorded within other comprehensive income (net of tax). Historical revaluation gains up to the date of disposal of $10.2m (net of tax) (2014: $17.2m) have been reclassified at the date of disposal from Other Comprehensive Income to the Statement of Profit or Loss – refer to note 18.

Investment in Sino Gas and Energy Holdings Ltd

	2015	
	Shares	**$'000**
Balance at beginning of the financial year	91,908,446	14,705
Disposal of shares held in Sino Gas and Energy Holdings Ltd	(91,908,446)	(17,004)
Fair value adjustment taken directly to equity (pre-tax)	-	2,299
Balance at the end of the year	-	-

10 Other Assets

	2015 $'000	2014 $'000
Current		
Prepayments	3,301	2,870

11 Property, Plant and Equipment

	Notes	Plant and Equipment at cost	Leasehold Improvements at cost	Capital Works in Progress at cost	TOTAL
		$'000	$'000	$'000	$'000
Gross Carrying Value					
Balance at 30 June 2013		52,107	4,123	4,659	60,889
Additions		8,102	4,366	4,523	16,991
Disposals		(370)	(340)	-	(710)
Impairment of fixed assets	ii	-	-	(3,803)	(3,803)
Net foreign currency exchange differences		1,595	17	(140)	1,472
Balance at 30 June 2014		61,434	8,166	5,239	74,839
Additions		12,314	771	2,913	15,998
Recognition on acquisition of 2iC Australia	25	2,351	-	-	2,351
Disposals		(620)	-	-	(620)
Impairment of fixed assets	ii	(14,763)	-	(2,902)	(17,665)
Net foreign currency exchange differences		5,326	626	694	6,646
Balance at 30 June 2015		66,042	9,563	5,944	81,549
Accumulated Depreciation					
Balance at 30 June 2013		18,055	2,133	-	20,188
Disposals		(67)	(247)	-	(314)
Depreciation expense	i	6,818	757	-	7,575
Net foreign currency exchange differences		206	4	-	210
Balance at 30 June 2014		25,012	2,647	-	27,659
Disposals		(364)	-	-	(364)
Depreciation expense	i	9,558	729	-	10,287
Net foreign currency exchange differences		1,814	152	-	1,966
Balance at 30 June 2015		36,020	3,528	-	39,548
Net Book Value					
As at 30 June 2014		36,422	5,519	5,239	47,180
As at 30 June 2015		30,022	6,035	5,944	42,001

	2015	2014
	$'000	$'000
(i) Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
Plant and equipment	9,558	6,818
Leasehold improvements	729	757
	10,287	7,575
(ii) Impairment losses recognised by cash-generating units (CGUs):		
AMC Oil & Gas Europe	(2,303)	(2,303)
AMC Oil & Gas Asia Pacific	(5,020)	(1,020)
AMC Oil & Gas Africa/Middle East	(9,528)	-
AMC Minerals Africa/Middle East	(51)	-
AMC Minerals North America	(250)	-
AMC Minerals Asia Pacific	(513)	(480)
	(17,665)	(3,803)

These assets have been tested for impairment as part of the testing of CGUs referred to in note 12.

12 Goodwill

	Notes	2015 $'000	2014 $'000
Gross Carrying Amount			
Balance at beginning of the financial year		84,375	84,280
Recognised on acquisition of 2iC Australia	25	73	-
Effect of foreign exchange movements	(i)	(827)	95
Balance at end of the financial year		83,621	84,375
Accumulated Impairment Losses			
Balance at beginning of the financial year		(23,998)	(22,498)
Impairment losses for the year	(ii)	(297)	(1,500)
Balance at end of the financial year		(24,295)	(23,998)
Net Book Value			
At the beginning of the financial year		60,377	61,782
At the end of the financial year		59,326	60,377
Goodwill is allocated to cash-generating units as follows:			
Reflex		35,996	35,909
AMC Minerals Asia Pacific		18,360	18,360
AMC Minerals South America		4,970	5,811
AMC Oil & Gas Europe		-	297
		59,326	60,377

(i) Foreign currency conversion of goodwill

Some goodwill balances are denominated in currencies other than Australian Dollars. In particular a portion of goodwill associated with the Reflex CGU is denominated in Swedish Kroner and a portion of the AMC Minerals South America CGU is denominated in Brazilian Real. These non-Australian Dollar balances are translated into Australian Dollars and fluctuate in line with foreign exchange movements.

(ii) Impairment losses recognised by cash-generating units:

	2015 $'000	2014 $'000
AMC Oil & Gas Europe	(297)	-
AMC Minerals South America	-	(1,500)
	(297)	(1,500)

12 Goodwill (continued)

(iii) Annual Assessment for Impairment Indicators

CGUs

Imdex monitors for impairment at the cash generating unit level (CGU) being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs identified are at a lower level (based on regional hubs) than Imdex's four main divisions:

- AMC Minerals
- Reflex
- AMC Oil & Gas
- Oil & Gas – Instrumentation

Annual impairment testing

Goodwill exists in relation to four CGUs and are tested annually for impairment:

- AMC Minerals Asia Pacific
- AMC Minerals South America
- Reflex
- AMC O&G Europe

In addition as required by AASB 136, impairment tests are performed for CGUs with indicators of impairment.

Assessment of impairment indicators

In accordance with AASB 136 (paragraph 12) management has considered a range of external, internal and other indicators that may indicate some level of impairment at the individual asset level. These include evidence of obsolescence or physical damage of an asset, and evidence available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. This has resulted in the identification of impairment indicators in relation to specific CGUs (as outlined below), as well as the write down of a number of specific individual assets.

CGUs with indicators of impairment

AMC Oil & Gas

AMC Oil & Gas has significant regional hubs in the Asia Pacific, Europe, Middle East and Africa regions. Indicators of impairment are present in the each of these CGUs due largely to the drop in the oil price and the consequential flow on effect into activity levels and hence profitability.

A "Value in Use" calculation for each of these CGUs has consequentially been performed.

In addition, due to low utilisation levels of Environmental Technology Assets ("ET"), the high value of these assets and current low yield, Imdex has undertaken a review of these assets and their future business strategy. The Company has reviewed all ET assets in order to identify idle or underperforming assets on an asset by asset and contract by contract basis. This review took into account the following:

- Physical condition of the asset
- Age and level of technological obsolescence of the asset
- Physical location of the asset and the potential costs associated with moving it to a new location or market
- Expected level of market activity in the immediate area and hence the likelihood of the asset being deployed to new projects
- Expected scrap or resale value of the asset
- Life of the current project to which the asset may currently be deployed

This review resulted in asset write downs totalling $17.1m which reduced the carrying value of assets to be assessed for impairment within the AMC Oil & Gas CGU.

AMC Minerals North America and Oil & Gas Instrumentation

Indicators of impairment have been identified in relation to these CGUs given the underperformance versus budget in the year in both CGUs arising as a result of deterioration in the business environment within which these CGUs operates.

12 Goodwill (continued)

Value in use assessments and sensitivities:

Inputs to impairment calculations

For value in use calculations, cash flow projections are based on Imdex's corporate plans and business forecasts prepared by management and approved by the Board for FY16. The corporate plans are developed annually.

These forecasts are adjusted to exclude the costs and benefits of expansion capital and on the understanding that actual outcomes may differ from the assumptions used.

For the years FY16 – FY20 the key assumptions applied were:

- Projections for FY16 reflect the non-recurrence of significant one off costs incurred in FY15, restructuring that has occurred prior to 30 June 2015 and the annualised cost savings anticipated to occur, and business specific growth forecast reflecting management's assessment of the short term outlook in each business.
- Revenue growth from FY17 onwards has been based on a nominal CPI type growth rate that reflects a base line recovery in an uncertain market. CPI is applied specifically to each CGU based on regional data collected;
- Capital investment for the Mineral CGUs is based on the forecasted numbers approved by the Board of Directors while the capital investment for the O&G CGUs is assumed to match depreciation on an annual basis;
- Tax rates used were those applicable to the countries in the region;
- Post-tax discount rates used were country risk adjusted and based on data supplied by external sources: and
- The impact of working capital has been assumed to increase in line with revenue growth.

Cash flows beyond the five-year period are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. Growth rates do not exceed the consensus forecasts of the long-term average growth rate for the industry in which the CGU operates.

The key assumptions used for assessing the recoverable amounts of Imdex's major CGUs, which collectively account for over 95 per cent of the Group's goodwill, intangible assets, working capital, PPE and Inventories are set out in the tables below.

- EBITDA and revenue growth over the forecast period is based on past experience and expectations of general market conditions;
- The post-tax discount rates incorporate a risk-adjustment relative to the risk associated with the net post-tax cash flows being achieved; and
- Long term growth rates are based on the long-term average growth rates of the businesses.

Other assumptions are determined with reference to internal and external sources of information.

Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values. The main sensitivities where a reasonably possible change could lead to further impairment are considered further in the table below.

A forward looking estimation of this nature is inherently uncertain and these sensitivities may vary by more or less than this percentage.

Reportable segment	**Minerals**			
CGU	**AMC Minerals Asia Pacific**	**AMC Minerals North America**	**AMC Minerals South America**	**Reflex**
Goodwill ($000's)	18,360	-	4,970	35,996
Other assessable assets ($'000)	20,246	13,744	8,332	34,379
Total assessable assets ($'000)	**38,607**	**13,744**	**13,302**	**70,992**
Asset specific impairment charge recorded ($'000)	(513)	(250)	-	-
Remaining carrying value ($'000)	**38,094**	**13,494**	**13,302**	**70,992**
Discount rate (post-tax)	9.54%	9.51%	11.56%	9.54%
Average annual compound revenue growth rate from FY16 to FY20	3.00%	2.00%	3.00%	3.00%
Headroom as a percentage of the CGU's net carrying value	121.90%	39.24%	145.28%	186.00%
Sensitivity disclosure	NA	a	NA	NA

12 Goodwill (continued)

Reportable segment	Oil & Gas		
CGU	**AMC Oil & Gas Asia Pacific**	**AMC Oil & Gas Europe**	**AMC Oil & Gas Africa/ Middle East**
Goodwill ($'000)	-	297	-
Other assessable assets ($'000)	13,752	6,095	9,922
Total assessable assets ($'000)	**13,752**	**6,392**	**9,922**
Asset specific impairment charge recorded ($'000)	(5,020)	(100)	(9,528)
Impairment charge recorded to value in use ($'000)	-	(2,500)	-
Remaining carrying value ($'000)	**8,732**	**3,792**	**394**
Discount rate (post-tax)	9.54%	9.90%	**Not applicable due to low remaining carrying value**
Average annual compound revenue growth rate from FY16 to FY20	3.00%	0.50%	
Headroom as a percentage of the CGU's net carrying value	174.89%	0.00%	
Sensitivity disclosure	NA	b	

a – A 10% reduction in the forecast free cash flows utilised in the value in use model would reduce headroom from $5.4m to $2.5m.

b – A 10% reduction in the forecast free cash flows utilised in the value in use model would reduce headroom from nil to a further impairment charge of $0.8m.

13 Other Intangible Assets

	Notes	Intellectual Property $'000	Technology Based $'000	Contract Based $'000	Customer Based $'000	Development Costs $'000	Trade Name $'000	**TOTAL** $'000
Gross Carrying Value								
Balance at 30 June 2013		1,901	14,080	2,258	10,893	8,575	3,887	41,594
Impact of exchange rate changes		-	-	-	-	(34)	-	(34)
Balance at 30 June 2014		1,901	14,080	2,258	10,893	8,541	3,887	41,560
Recognition on acquisition of 2iC Australia	25	1,517	-	-	-	-	-	1,517
Capitalised during the year		-	-	-	-	1,282	-	1,282
Impact of exchange rate changes		38	-	-	-	158	-	196
Balance at 30 June 2015		3,456	14,080	2,258	10,893	9,981	3,887	44,555
Accumulated Amortisation and Impairment								
Balance at 30 June 2013		774	14,080	1,787	10,893	4,563	3,887	35,984
Amortisation expense		260	-	314	-	895	-	1,469
Impact of exchange rate changes		-	-	-	-	(23)	-	(23)
Impairment losses for the year	(i)	-	-	-	-	2,246	-	2,246
Balance at 30 June 2014		1,034	14,080	2,101	10,893	7,681	3,887	39,676
Amortisation expense		428	-	157	-	1,078	-	1,663
Impact of exchange rate changes		(13)	-	-	-	(68)	-	(81)
Balance at 30 June 2015		1,449	14,080	2,258	10,893	8,691	3,887	41,258
Net Book Value								
As at 30 June 2014		867	-	157	-	860	-	1,884
As at 30 June 2015		2,007	-	-	-	1,290	-	3,297

Where relevant, these intangible assets have been tested for impairment as part of the testing of CGUs referred to in note 12, and an annual assessment is performed for impairment indicators.

(i) Impairment losses:

	2015 $'000	**2014** $'000
Development costs (Reflex CGU)	-	2,246

The above impairment charge arises as a result of a decision to cease development of a specific product.

14 Trade and Other Payables

	Notes	**2015** $'000	**2014** $'000
Trade payables	(i)	11,965	13,791
Accruals and other payables	(ii)	11,450	3,515
		23,415	17,306

(i) Trade payables are interest free for periods ranging from 30 to 180 days. Thereafter interest is charged at commercial rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Includes an amount of $3.6m relating to the finalisation of the settlement agreement for the Origin product containment incident reclassified from provisions - refer to note 16 (ii).

15 Borrowings

	Notes	2015 $'000	2014 $'000
Current borrowings			
Secured			
At amortised cost			
Club Facility - AUD Tranche (scheduled repayments)	(ii,a)	4,476	4,476
Club Facility - USD Tranche (scheduled repayments)	(ii,b)	309	255
Club Facility - CAD Tranche (scheduled repayments)	(ii,c)	2,105	1,983
Club Facility amount represented as current	(i)	28,350	-
Hire purchase liabilities	(iii),23	491	188
		35,731	6,902
Non-current borrowings			
Secured			
At amortised cost			
Club Facility - AUD Tranche	(ii,a)	22,953	26,004
Club Facility - USD Tranche	(ii,b)	9,816	14,420
Club Facility - CAD Tranche	(ii,c)	696	2,643
Club Facility amount represented as current	(i)	(28,350)	-
Hire purchase liabilities	(iii),23	994	172
		6,109	43,239

On 7 October 2011 a clubbed banking facility involving Westpac Banking Corporation and HSBC was put in place. This facility replaced commercial bills and Canadian bank loans in place at that date. In December 2013, this facility was renewed for a further three years.

(i) A review by the Company's financiers has resulted in an in principle re-setting of covenant requirements for FY16 on the condition that a minimum of $25.0m of debt is repaid to its financiers prior to 30 September 2015. On 18 August 2015 Imdex announced a proposed capital raising to raise funds to reduce bank debt. The in principle agreement with the Company's financiers is that 90% of all funds raised (before costs) are to be repaid to the financiers. The Directors have assumed that $31.5m will be raised. Consequently 90% of this total, being $28.4m, has been reclassified from non-current to current.

As at 30 June 2015:

(ii,a) AUD denominated borrowings includes an amortising facility that is repayable in equal monthly instalments of $373,000 to 31 December 2016 on which date the balance remaining is payable, and a revolving facility that is fully repayable on 31 December 2016. Both facilities bear interest at floating rates. In order to reduce the Group's debt, it is expected within the next 12 months that the Group will pay down a further $4.5m.

(ii,b) USD denominated borrowings includes an amortising facility that is repayable in equal monthly instalments of USD$20,000 to 31 December 2016 on which date the balance remaining is payable, and a revolving facility that is fully repayable on 31 December 2016. Both facilities bear interest at floating rates. In order to reduce the Group's debt, it is expected within the next 12 months that the Group will pay down a further USD$0.2m.

(ii,c) CAD denominated borrowings include an amortising facility that bears interest at a floating rate and is repayable in equal monthly instalments of CAD$167,000 to 31 December 2016 on which date the balance remaining is payable. In order to reduce the Group's debt, it is expected within the next 12 months that the Group will pay down a further CAD$2.0m.

The club facility is secured by the assets of entities in Australia, Canada, Chile, South Africa and Europe. Refer to note 28(d) for further details in relation to these facilities.

(iii) Hire purchase liabilities are secured over the assets to which they relate, the carrying value of which exceeds the value of the hire purchase liability. The Group does not hold title to the equipment under the hire purchase pledged as security. The weighted average interest rate applicable to these liabilities is 6.64% (2014: 5.98%).

16 Provisions

	Notes	2015 $'000	2014 $'000
Current provisions			
Employee entitlements	(i)	3,910	4,011
Other provisions (see below)		690	12,174
		4,600	16,185

(ii) Other provisions

	Kazakhstan business closure provision (ii) $'000	Office closure provision (iii) $'000	Origin product containment provision (iv) $'000	Total $'000
Balance at 1 July 2014	2,434	1,240	8,500	12,174
Additional amounts recognised	-	-	2,142	2,142
Amounts utilised	(2,434)	(550)	(6,992)	(9,976)
Amounts reclassified	-	-	(3,650)	(3,650)
Balance at 30 June 2015	-	690	-	690

(i) The provision for employee entitlements represents annual leave with the majority of these entitlements expected to be taken during the coming year.

(ii) The Kazakhstan business closure provison related to the estimated costs of the sale of the Kazakhstan business (Suay Energy Services LLP). The sale occurred on 30 June 2015.

(iii) The office closure provison relates to the estimated costs of the closure of the Osborne Park premises.

(iv) The Origin product containment provison related to the estimated costs made by Management to settle with affected parties following notification that certain batches of imported product were contaminated. During the year the settlement agreement was finalised and the remaining costs to be paid by the Group have been reclassified to Trade and Other Payables.

	2015 $'000	2014 $'000
Non-current provisions		
Employee entitlements	2,685	2,153

17 Issued Capital and Shares reserved for Performance Rights Plan

	Notes	2015 $'000	2014 $'000
Issued and Paid Up Capital - Fully paid ordinary shares	(i)	93,259	90,259

(i) Fully paid ordinary shares carry one vote per share and the right to dividends.

		2015		2014	
Ordinary shares	**Notes**	**Number**	**$'000**	**Number**	**$'000**
Balance at beginning of the financial year		212,110,368	90,259	210,473,188	89,269
Issue of shares as consideration for the acquisition of 2iC Australia Pty Ltd	25	4,092,768	3,000	-	-
Issue of shares as part consideration for the acquisition of System Mud Industria e Comercio Ltda		-	-	1,637,180	990
Closing balance at end of the financial year		216,203,136	93,259	212,110,368	90,259

(ii) Share options granted under the staff option plan

No options were granted under the staff option plan in the current or prior year.

In accordance with the provisions of the staff option plan, as at 30 June 2015 (2014: nil), executives, directors and staff have no options over ordinary shares.

Details of the Staff Option Plan can be found in note 32.

(iii) Shares issued in satisfaction of Performance Rights

No shares were issued in the current or prior years in satisfaction of performance rights. Performance rights obligations were settled by the purchase of existing shares on market. More information on the performance rights plan can be found in note 33.

As detailed in note 35 and the Directors report, subsequent to the year-end Imdex have announced a proposed capital raising.

	2015 $'000	2014 $'000
Shares reserved for Performance Rights Plan		
Balance at beginning of the period	-	(952)
Net movement of shares	(105)	952
Balance at the end of the period	(105)	-

At balance date, the Company, through a Trustee, holds 153,775 (2014: nil) shares in Trust for employees under the Performance Rights Plan.

18 Reserves

	Notes	2015 $'000	2014 $'000
Foreign Currency Translation Reserve			
Balance at beginning of the financial year		(11,762)	(11,167)
Translation of foreign operations		3,996	(595)
Exchange differences arising upon translation of investment in Associate	26	7,242	-
Balance at the end of the financial year		(524)	(11,762)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve. This reserve is shown net of deferred tax.

	Notes	2015 $'000	2014 $'000
Investment Revaluation Reserve			
Balance at beginning of the financial year		8,557	13,754
Net gain arising on revalution of SEH shares to market value		2,298	17,107
Income tax relating to gain arising on revalution of SEH shares to market value	5(b)	(689)	(5,132)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax		(10,166)	(17,172)
Balance at the end of the financial year		-	8,557

The investment revaluation reserve records increases in the market value of the SEH investment net of deferred tax. Refer note 9 for details of the SEH investment.

	Notes	2015 $'000	2014 $'000
Employee Equity-Settled Benefits Reserve			
Balance at beginning of the financial year		6,266	6,087
Performance rights expensed	4	906	845
Options expensed	4	131	-
Amounts transferred to shares reserved for performance rights plan		(216)	(1,416)
Amounts transferred to retained earnings		(1,680)	750
Balance at the end of the financial year		5,407	6,266

The employee equity-settled benefits reserve arises on the grant of performance rights to Directors and employees. Amounts transferred to shares reserved for performance rights plan relates to the cost of performance rights issued to Directors and employees during the year. Further information regarding the Performance Rights Plan is contained in note 33.

19 Loss Per Share

	2015 Cents per share	2014 Cents per share
Basic loss per share	(10.44)	(2.50)
Diluted loss per share	(10.44)	(2.50)

Basic loss per share	**2015**	**2015**
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:	**$'000**	**$'000**
Loss	(22,503)	(5,277)
	Shares	**Shares**
Weighted average number of ordinary shares for the purposes of basic loss per share	215,496,713	210,751,284

20 Dividends

No dividend was paid during the current or prior year.

	2015 $'000	2014 $'000
Adjusted franking account balance	52,733	52,733
Impact on franking account of dividends not recognised	-	-
Income tax consequences of unrecognised dividends	-	-

21 Commitments for Expenditure

(a) Capital expenditure commitments

At 30 June 2015 the Group had nil capital commitments (2014: $2,683,000). The prior year capital commitments related to the purchase of Minerals and Oil & Gas rental equipment and the final payments of the Balcatta premises.

(b) Lease commitment

Hire purchase liabilities and non-cancellable operating lease commitments are disclosed in note 23.

22 Contingent Liabilities and Contingent Assets

The Group is party to legal proceedings and claims which arise in the normal course of business. Any liabilities may be mitigated by legal defences, insurance, and third party indemnities. Unless recognised as a provision (refer Note 16), management do not consider it to be probable that they will require settlement at the Group's expense. Whilst the outcome of these claims are, by their nature, uncertain, the directors do not currently anticipate that the outcome of the proceedings either individually, or in aggregate, will have a material adverse effect upon the Group's financial position.

A provision is recognised related to pending litigation or other outstanding claims where probable and estimable. Actual costs can differ from estimates for many reasons. For instance, settlement costs for claims and litigation can vary from estimates based on differing interpretations of laws, opinions on responsibility and assessments of the amount of damages. Our in-house legal counsel regularly assesses contingent liabilities and in certain circumstances, outside legal counsel is utilised.

23 Leases

(a) Hire Purchases

Hire purchase arrangements

Hire purchase arrangements relate to plant and equipment with terms of up to 5 years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the arrangements.

	Minimum future lease payments		Present value of minimum future lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Hire purchase commitments				
Hire purchase commitments are payable as follows. Due:				
Within one year	576	-	491	188
Between one and five years	1,082	-	994	172
Later than five years	-	-	-	-
Minimum lease payments	1,658	388	1,485	360
Less: future finance charges	(173)	(28)	-	-
	1,485	360	1,485	360
Hire purchase liabilities provided for in the Financial Report				
Current – Note 15			491	188
Non current – Note 15			994	172
			1,485	360

(b) Operating Leases

Operating leasing arrangements

Operating leases relate to premises and equipment (including motor vehicles) used by the Group in its operations, generally with terms between 2 and 5 years. Some of the operating leases contain options to extend for further periods and an adjustment to bring the lease payments into line with market rates prevailing at that time. The leases do not contain an option to purchase the leased property.

	2015 $'000	2014 $'000
Non-cancellable operating lease payments		
Within one year	5,425	5,946
Between one and five years	11,650	12,331
Later than five years	5,459	8,094
	22,534	26,371

24 Subsidiaries

	Notes	Country of Incorporation	Ownership Interest 2015 %	2014 %
Parent Entity				
Imdex Limited	(i),(ii),(iii)	Australia		
Controlled Entities				
Australian Mud Company Pty Ltd	(ii),(iii)	Australia	100	100
Samchem Drilling Fluids & Chemicals (Pty) Ltd		South Africa	100	100
Imdex International Pty Ltd	(ii),(iii)	Australia	100	100
Imdex Sweden AB		Sweden	100	100
Reflex Instruments Asia Pacific Pty Ltd	(ii),(iii)	Australia	100	100
Reflex Instrument AB		Sweden	100	100
Reflex Instrument North America		Canada	100	100
Reflex Instrument South America Ltda		Chile	100	100
Reflex Instruments Europe Ltd		United Kingdom	100	100
Drillhole Surveying Instruments (Pty) Ltd		South Africa	100	100
Imdex Technology Sweden AB		Sweden	100	100
Flexit Australia Pty Ltd	(ii)	Australia	100	100
Suay Energy Services LLP	(iv)	Kazakhstan	-	100
AMC North America Ltd		Canada	100	100
Imdex South America S.A.		Chile	100	100
AMC Chile S.A.		Chile	100	100
Wildcat Chemicals Australia Pty Ltd	(ii),(iii)	Australia	100	100
Reflex Technology International Pty Ltd	(ii),(iii)	Australia	100	100
AMC Reflex Argentina S.A.		Argentina	100	100
AMC Reflex Peru S.A.C.		Peru	100	100
Imdex Technology Germany GmbH		Germany	100	100
AMC Reflex Do Brasil Serviços Para Mineração Ltda		Brazil	100	100
AMC Drilling Fluids Pvt Limited		India	100	100
Imdex Nominees Pty Ltd	(ii)	Australia	100	100
AMC Germany GmbH		Germany	100	100
AMC Oil & Gas Rom SRL		Romania	100	100
Australian Drilling Specialties Pty Ltd	(ii)	Australia	100	100
Imdex USA Inc		United States of America	100	100
Imdex Technologies USA LLC		United States of America	100	100
AMC USA LLC		United States of America	100	100
Reflex USA LLC		United States of America	100	100
AMC Oilfield Services Pte Ltd		Singapore	100	100
System Mud Industria e Comercio Ltda		Brazil	100	100
Imdex Global Coöperatie U.A		Netherlands	100	100
Imdex Global B.V.		Netherlands	100	100
AMC Oil & Gas International Limited BVI		British Virgin Islands	100	100
ioGlobal Pty Ltd	(v)	Australia	-	100
ioAnalytics Pty Ltd	(vi)	Australia	-	100
AMC Drilling Fluids & Products - Mexico S. de RL de C.V. Mexico		Mexico	100	100
AMC Myanmar Limited		Myanmar	100	100
2iC Australia Pty Ltd	(ii),25	Australia	100	-

(i) Imdex Limited is the ultimate parent company and is the head entity within the tax consolidated group.
(ii) These companies are part of the Australian tax consolidated group.
(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Imdex Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. Australian Mud Company Pty Ltd became a party to the deed on 29 June 2006, Imdex International Pty Ltd on 20 October 2006, Reflex Instruments Asia Pacific Pty Ltd on 14 September 2007, Reflex Technology International Pty Ltd on 28 April 2011 and Wildcat Chemicals Australia Pty Ltd on 7 September 2011.
(iv) This entity was sold on 30 June 2015.
(v) This entity was deregistered on 1 September 2014.
(vi) This entity was deregistered on 11 September 2014.

24 Subsidiaries (continued)

The consolidated income statement of income of the entities which are party to the deed of cross guarantee are:

Income Statement	**2015 $'000**	**2014 $'000**
Revenue from sale of goods and operating lease rental	94,980	97,003
Other revenue from operations	139	398
Total revenue	95,119	97,401
Other income	-	1,459
Gain on the disposal of shares in SEH	14,234	24,094
Foreign exchange gain/(loss)	3,667	(473)
Raw materials and consumables used	(52,824)	(52,277)
Employee benefit expenses	(28,885)	(28,044)
Depreciation and amortisation expense	(6,907)	(9,900)
Impairment expense	(11,403)	-
Write down of intercompany loans	(55,469)	-
Finance costs	(2,629)	(2,405)
Auditors and accounting fees	(511)	(653)
Commissions	(1,603)	(909)
Consultancy fees	(1,479)	(887)
Legal and professional expenses	(4,683)	(5,418)
Rent and premises costs	(2,852)	(2,509)
Travel and accommodation	(1,643)	(2,550)
Motor vehicle costs	(867)	(1,018)
Product containment	(2,142)	(9,080)
Research and Development costs	(1,486)	(4,219)
Loss on sale of Kazakhstan business	(4,784)	-
Bad debts	(2,984)	(1,578)
Other expenses	(9,094)	(9,051)
Loss before income tax expense	(79,225)	(8,017)
Income tax (expense)/benefit	(2,422)	1,654
Loss for the year	(81,647)	(6,363)
Other comprehensive income		
Fair value adjustment on investment in SEH	2,298	17,107
Income tax relating to components of other comprehensive income	(689)	(5,132)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax	(10,166)	(17,172)
Exchange differences arising upon translation of investment in Associate	7,242	-
Other comprehensive income for the year	(1,315)	(5,197)
Total comprehensive income for the year	(82,962)	(11,560)

NOTES TO THE FINANCIAL REPORT

24 Subsidiaries (continued)

The consolidated statement of financial position of the entities which are party to the deed of cross guarantee are:

Balance Sheet	**2015 $'000**	**2014 $'000**
Current Assets		
Cash and Cash Equivalents	3,918	446
Trade and Other Receivables	38,973	51,286
Inventories	18,795	21,743
Other	543	441
	62,229	73,916
Financial Asset Held for Sale	-	14,705
Assets classified as held for sale	32,217	-
Total Current Assets	94,446	88,621
Non Current Assets		
Other Financial Assets	79,524	165,447
Property, Plant and Equipment	11,844	19,124
Other Intangible Assets	615	875
Deferred Tax Assets	10,970	9,215
Other Receivables	-	957
Total Non Current Assets	102,953	195,618
Total Assets	197,399	284,239
Current Liabilities		
Trade and Other Payables	19,841	16,867
Other Financial Liabilities	91	80
Borrowings	33,317	4,664
Current Tax Payables	-	1,288
Provisions	3,561	12,696
Total Current Liabilities	56,810	35,595
Non Current Liabilities		
Borrowings	4,613	39,684
Provisions	2,358	1,781
Deferred Tax Liabilities	3,839	3,061
Total Non Current Liabilities	10,810	44,526
Total Liabilities	67,620	80,121
Net Assets	129,779	204,118
Equity		
Contributed Capital	93,259	90,259
Shares Reserved for Performance Rights Plan	(105)	-
Employee Equity-Settled Benefits Reserve	5,407	6,266
Investment Revaulation Reserve	-	8,557
Foreign Currency Translation Reserve	7,242	-
Retained Earnings (i)	23,976	99,036
Total Equity	129,779	204,118
(i) Retained Earnings at the beginning of the financial year	99,036	101,383
Net Loss	(81,647)	(6,363)
Dividends Received	4,907	4,766
Amounts transferred from employee equity-settled benefits reserve	1,680	(750)
Retained Earnings at the end of the financial year	23,976	99,036

25 Acquisition of Businesses

Acquisition of entity - 2iC Australia Pty Ltd

With effect from 1 September 2014, Imdex Limited acquired 100% of the issued share capital of 2iC Australia Pty Ltd (2iC), an Australian based developer and supplier of exploration, production and technical products. The numbers presented below have been accounted for using the acquisition method of accounting.

Details of the assets, liabilities and goodwill:	**Notes**	**Book value $'000**	**Fair value adjustments $'000**	**Fair value on acquisition $'000**
Trade and other receivables		307	-	307
Inventories		457	(160)	297
Property, plant and equipment	(ii),11	293	2,058	2,351
Intangibles	(iii),13	-	1,517	1,517
Trade and other payables		(709)	(159)	(868)
Deferred tax	(ii,iii)	(33)	(372)	(405)
Provisions		(110)	-	(110)
Fair value of net identifiable assets acquired		205	2,884	3,089
Goodwill on acquisition	(i),12			73
Total purchase consideration				3,162
Total purchase consideration comprises				
Issue of ordinary shares	17			3,000
Overdraft acquired				162
				3,162

		10 months to 30 June 2015 $'000
Operating results of 2iC included in the Consolidated Income Statement of Imdex Limited for the following periods:		
Revenue		536
Total expenses (including income tax)		(469)
Profit after tax for the period	(iv)	67

(i) Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire 2iC. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of 2iC. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. There were no acquisition provisions created, nor were there any contingent liabilities assumed in the acquisition.

(ii) Property, plant and equipment of $2.3m comprises the fair value of the rental equipment. A discount of approximately 50% - 60% to list price was used to determine the fair value of the rental tools, as this discount recognises the risk to a third party to manage the realisation of value via rental or sale of the equipment.

(iii) Intangible assets of $1.5m comprise the fair value of the patents owned by 2iC. The Ezy Latch & Posi-Connect patents have been licensed out and have been valued at $0.2m by using a discounted cash flow of the licence fee in place of 50,000 Euro per annum. The EM3 Patent has been valued at $1.3m based on the excess earnings potential for Imdex in relation to the ACT IV tool. These intangible assets are being amortised over their expected useful lives of 6 years. Deferred tax of $0.5m was raised on these assets.

(iv) Had the acquisition of 2iC been effected on 1 July 2014, the beginning of the current year, the 2iC financial results included in the Imdex consolidated results for the full year would have been revenue of approximately $0.6m with a profit after tax of $0.1m. The results of 2iC are included in the Minerals segment. The Board considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

26 Assets classified as Held for Sale/ Investment in Associates

VES International (VES) is registered in the British Virgin Islands and operates an oil and gas services business using the technology licensed to it by Imdex Limited. The shares of VES are not publicly listed on a stock exchange and hence published priced quotes are not available.

The Directors have resolved to actively pursue the sale of the Group's 30.65% interest in VES. As a result this asset has been reclassified to current as an Asset classified as Held for Sale. In the prior year the asset was classified as an Investment in Associate.

The Directors of the Company expect that the fair value of the investment will be higher than the carrying amount of the investment and therefore no impairment has been recognised on reclassification of the investment to Held for Sale nor as at 30 June 2015. The sale will be subject to commercial negotiations and therefore the sales proceeds may vary from the carrying amount recorded and may be impacted by market conditions, an assessment of the outlook, the performance of the associate prior to any sale being finalised and foreign exchange movements - refer to note 3.

Financial information in respect of the Associate is set out below:

	2015 $'000	2014 $'000
Total Revenue	67,197	69,451
Total (loss)/profit for the Year	(4,660)	1,425
Total (loss)/profit for the Year includes the following:		
Depreciation	(9,286)	(8,245)
Amortisation	(9,595)	(8,485)
Income Tax Expense	(4,574)	(6,483)
Current Assets	23,608	23,321
Non Current Assets	108,746	96,968
Total Assets	132,354	120,289
Current Liabilities	(4,383)	(6,269)
Non Current Liabilities	(6,643)	(11,996)
Total Liabilities	(11,026)	(18,265)
Net Assets	121,328	102,024
Share of Net Assets of Associate (30.65%)	37,187	31,219

The Investment in Associate comprises the following:

	2015	2014
Opening cost of investment in Associate	26,270	25,555
Share of (loss)/profit of Associate	(1,295)	715
Exchange differences arising upon translation of investment in Associate	7,242	-
Closing cost of investment in Associate	32,217	26,270

27 Segment Information

Reportable Segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income earning assets and interest revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group comprises the following reportable segments which are based on the Group's internal management reporting system:

(i) Minerals Division: This segment comprises the manufacture, sale and rental of down hole instrumentation, the manufacture and sale of drilling fluids and chemicals and related equipment and the provision of innovative cloud-based data management solutions to the mining and mineral exploration industry globally; and

(ii) Oil & Gas Division: This segment comprises the manufacture, sale and rental of down hole instrumentation and manufacture and sale of drilling fluids and chemicals to the oil & gas and geothermal industries globally.

(a) Segment Revenues

	2015 $'000	2014 $'000
Minerals	141,106	125,317
Oil & Gas	47,121	58,168
Total of all segments	188,227	183,485
Unallocated	105	72
Total revenue	188,332	183,557

(b) Segment Results

	2015 $'000	2014 $'000
Minerals	14,491	430
Oil & Gas (i)	(37,157)	(21,540)
Total of all segments	(22,666)	(21,110)
Central administration costs (ii)	(10,212)	(10,046)
Gain on the disposal of shares in SEH	14,234	24,094
Loss before income tax	(18,644)	(7,062)
Income tax (expense)/benefit	(3,859)	1,785
Loss attributable to ordinary equity holders of Imdex Limited	(22,503)	(5,277)

(i) Includes the share of loss of Associate of $1.3m (2014: $0.7m profit), the net movement in the Origin product containment provision of $2.1m (2014: $8.5m) and an impairment write down of fixed asssets of $17.1m (2014: $3.3m) .

(ii) Central administration costs comprise net financing costs for the Group and the corporate portion of head office costs. Head office costs attributable to operations are allocated to reportable segments in proportion to the revenues earned from those segments.

(c) Segment Assets and Liabilities

	Assets		Liabilities	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Minerals	169,508	176,001	26,169	23,464
Oil & Gas	66,796	72,081	7,480	12,261
Total of all segments	236,304	248,082	33,649	35,725
Unallocated (i)	-	14,705	41,839	50,140
Consolidated	236,304	262,787	75,488	85,865

(i) Unallocated assets in the prior year comprised of the investment in SEH. Unallocated liabilties comprise commerical bills, bank loans and hire pruchase liabilities.

27 Segment Information (continued)

(d) Other segment information

	Minerals		Oil & Gas		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation	2,929	4,881	6,654	2,120	704	574	10,287	7,575
Amortisation	1,506	1,155	157	314	-	-	1,663	1,469
Impairment	814	4,226	17,148	3,323	-	-	17,962	7,549
Acquisition of segment assets	11,606	5,138	3,486	7,610	906	4,243	15,998	16,991
Significant non cash expenses other than depreciation and amortisation	538	349	282	120	217	376	1,037	845

Geographical Segments

The Group operates in the following geographical segments:
(i) Asia Pacific: Manufacture and sale/rental of products to the mining and mineral exploration and oil & gas industries
(ii) Europe: Manufacture and sale/rental of products to the mining and mineral exploration and oil & gas industries
(iii) Africa/Middle East: Manufacture and sale/rental of products to the mining and mineral exploration and oil & gas industries
(iv) Americas: Manufacture and sale/rental of products to the mining and mineral exploration and oil & gas industries

	Revenue from external customers		Segment assets (non-current)		Acquisition of segment assets	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Asia Pacific	84,264	91,377	86,094	116,748	6,171	9,028
Europe	23,646	24,865	5,634	7,955	631	1,347
Africa/Middle East	27,588	26,263	4,062	12,046	2,418	2,157
Americas	52,834	41,052	24,464	15,751	6,778	4,459
Total	188,332	183,557	120,254	152,500	15,998	16,991

(e) Information about major customers

The Group has a broad range of customers across its global operations with no single customer making up more than 10% of revenue.

28 Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2015 $'000	2014 $'000
Cash and cash equivalents	8,417	10,070

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is $8,416,775 (2014: $10,070,184).

(b) Non cash financing and investing activities

During the year the Group provided non cash consideration to complete the acquisition of 2iC Australia Pty Ltd. This transaction is disclosed in note 25.

During the year the Group acquired equipment under a finance lease of $1.4m (2014: nil). This equipment acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

(c) Reconciliation from the Loss for the Year to Net Cash Provided by Operating Activities

Loss for the year	(22,503)	(5,277)
Adjustments for non-cash and non-operational items		
Gain on the disposal of shares in SEH	(14,234)	(24,094)
Depreciation of non-current assets	10,287	7,575
Amortisation of intangible assets	1,663	1,469
Impairment expense	17,962	7,549
Interest received disclosed as investing activities	(105)	(72)
Share options and performance rights expensed	1,037	845
Loss on sale of non-current assets	469	206
Share of loss/(profit) of Associate	1,295	(715)
Interest on hire purchase liabilities	38	33
Movement in other provisions (note 16)	(11,484)	12,174
Changes in assets and liabilities during the financial year		
(Increase) / decrease in assets:		
Current receivables	9,091	58
Current inventories	5,624	10,725
Other current assets	(431)	3,039
Increase / (decrease) in liabilities:		
Current payables	6,313	(10,687)
Provision for employee entitlements	321	412
Current and deferred tax liability	3,471	(326)
Net Cash Provided by Operating Activities	8,814	2,914

28 Notes to the Cash Flow Statement (continued)

	2015 $'000	2014 $'000
(d) Financing facilities		
Total facilities available		
Club Facility - AUD Tranche	35,780	34,197
Club Facility - USD Tranche	10,126	14,676
Club Facility - CAD Tranche	2,800	4,626
ZAR Overdraft	1,939	1,838
Equipment finance facility	1,485	360
	52,130	55,697
Facilities utilised at balance sheet date		
Club Facility - AUD Tranche	31,054	31,719
Club Facility - USD Tranche	10,126	14,676
Club Facility - CAD Tranche	2,800	4,626
ZAR Overdraft	650	1,038
Equipment finance facility	1,485	360
	46,115	52,419
Facilities not utilised at balance sheet date		
Club Facility - AUD Tranche *	4,726	2,478
Club Facility - USD Tranche	-	-
Club Facility - CAD Tranche	-	-
ZAR Overdraft	1,289	800
Equipment finance facility	-	-
	6,015	3,278

* The 2015 available AUD facility of $4.7m includes $3.3m that has been quarantined in order to repay the final costs relating to the product containment incident.

Refer to note 15 for details of the review performed by the Company's financiers during the current period which may impact on the ability to draw on the unutilised facilities.

NOTES TO THE FINANCIAL REPORT

29 Financial Instruments

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 17 and 18. Management and the Board review the capital structure regularly. The treasury function presents regular updates to the Board. As a part of these reviews management considers the cost of capital and the risks associated with each class of capital. Based on the outcome of these reviews the Group will balance its overall capital structure through payment of dividends and issue of new shares as well as the issue of new debt or repayment of existing debt. The Board does not have a specific optimum gearing target other than to maintain a competitive weighted average cost of capital.

The Group's overall capital management strategy remains unchanged from prior years.

The gearing ratio at the end of the reporting period was as follows:

	2015 $ '000	2014 $'000
Debt (i)	41,840	50,141
Cash and bank balances	(8,417)	(10,070)
Net debt	33,423	40,071
Equity (ii)	160,816	176,922
Net debt divided by net debt plus equity	17.2%	18.5%

(i) Debt includes commercial bills, bank loans and hire purchase liabilities .

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Categories of financial instruments

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalents	8,417	10,070
Loans and receivables	33,964	39,744
Financial Asset Held for Sale	-	14,705
	42,381	64,519
Financial Liabilities		
Amortised cost	65,346	67,527

29 Financial Instruments (continued)

(d) Financial risk management objectives

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using natural hedges where possible and derivative financial instruments to hedge remaining risk exposures where the benefit of the hedge outweighs the cost. The use of financial derivatives is governed by the Group's treasury policies which are approved by the Board of Directors. These policies describe the Group's policies with respect to foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. There are no derivative instruments in operation at year end.

(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (note (f) below) and interest rates (note (g) below). The Group monitors its exposure to these risks on a regular basis and enters into derivative financial instruments to manage these risks where appropriate. There are no derivative financial instruments in operation at year end. At a Group and at a company level market risk exposures are measured by sensitivity analyses and scenario modelling.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(f) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to foreign exchange rate fluctuations arise. Exchange rate exposures are managed with the use of natural hedges where possible and with the use of financial instruments where benefit outweighs cost within approved policy parameters. During the current and prior year no financial instruments were used to manage foreign exchange risk.

The carrying amount in Australian dollars of the Group's monetary assets and liabilities denominated in currencies other than Australian dollars at the reporting date are as per the table below. Non Australian dollar liabilities include trade creditors, accruals and borrowings recorded in Australian as well as non-Australian entities. Non Australian dollar assets include cash on hand and debtors recorded in Australian as well as non-Australian entities. Any fluctuation in exchange rates relative to the Australian dollar will cause the below assets and liabilities to change in value.

	Liabilities		**Assets**	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
United States Dollars	15,814	18,298	16,352	14,638
South African Rand	1,895	794	1,043	771
Canadian Dollars	3,927	5,335	3,208	3,654
British Pound	149	539	251	953
Euro	2,530	3,326	2,708	4,088
Chilean Pesos	437	1,164	2,759	1,488
Other	1,014	1,793	4,987	6,825

29 Financial Instruments (continued)

(f) Foreign currency risk management (continued)

Foreign currency sensitivity

The Group is mainly exposed to United States Dollars, Canadian Dollars, European Dollars and South African Rand.

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in the Australian Dollar against the relevant foreign currencies. The sensitivity rate of 10% (2014: 10%) is the rate used when performing regular reporting on foreign currency risk internally. Foreign exchange risk is reported regularly to key management personnel and the Board. The estimated movement of 10% (2014: 10%) represents management's assessment of the possible change in foreign currency exchange rates which is based on regular forecasts received from major lending institutions. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% (2014: 10%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would carry the opposite sign.

	United States Dollar Impact			South African Rand Impact		
	2015	2014		2015	2014	
	$'000	$'000		$'000	$'000	
Profit or (loss)	433	1,079	(i)	(3)	-	(i)
Other equity	(409)	(713)	(ii)	120	2	(ii)

	European Dollar Impact			Canadian Dollar Impact		
	2015	2014		2015	2014	
	$'000	$'000		$'000	$'000	
Profit or (loss)	(90)	60	(i)	15	6	(i)
Other equity	114	(136)	(ii)	70	163	(ii)

(i) Profit and loss impacts are mainly attributable to exposure on outstanding receivables and payables at year end denominated in the applicable foreign currency

(ii) Equity movements are attributable to the net investment in a foreign operation denominated in the applicable foreign currency

(g) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. Interest rate risk is managed within defined treasury policy guidelines. This is achieved by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

In the absence of fixed rate debt the Group's policy allows for the use of interest rate swaps. Where the group enters into fixed rate debt it is understood that this creates a fair value exposure as a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes.

In the prior year the Group entered into an AUD interest swap at 3.01% maturing in December 2016, in order to protect against rising interest rates, under which it has a right to receive interest at a variable rates and to pay interest at a fixed rate. The swap in place has a fair value of $0.09m (liability) (2014: $0.08m liability). This swap covers approximately 30% (2014: 40%) of the principal outstanding at reporting date and is timed to expire at the renewal date of the loans.

The interest rate swap requires settlement of net interest receivable or payable each month. The settlement date coincides with the date on which interest is payable on the underlying debt. The swap is measured at fair value and all gains and losses attributable to the hedged risk is taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

29 Financial Instruments (continued)

(g) Interest rate risk management (continued)

	Notes	2015 $'000	2014 $'000
Fair value of interest rate swap contracts - cash flow hedges	(i)	91	80

(i) The interest rate swap contract is exposed to fair value movement if interest rates change. Under this contract the Group is committed to $0.2m interest expense within 12 months (on $8m of notional debt) and $0.1m interest expense between 1 year and 2 years (on $4m of notional debt). The interest expense is calculated at 3.14%.

The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity data presented in the below paragraph is based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible changes in interest rates based on consultation with appropriately qualified financial professionals.

Group sensitivity

At reporting date, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's net profit would decrease by $0.5m (2014: $0.6m). There would be a nil impact on equity other than via profit. A 100 basis point decrease in interest rates, holding all other variables constant would yield an increase in the Group's net profit of $0.5 million (2014: $0.5m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored on a weekly basis and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed regularly by management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of collateral obtained. At 30 June 2015 no such collateral had been obtained (2014: nil).

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who monitor short, medium and long term liquidity requirements through the use of financial models. The treasury function reports regularly to key management personnel and the Board on matters affecting liquidity risk. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 28(d) is a listing of additional undrawn facilities that the Company/Group has at its disposal to further reduce liquidity risk.

29 Financial Instruments (continued)

Liquidity and interest risk tables

The following tables detail the Company's and the Group's remaining contractual maturity for its non–derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000
2015						
Non-interest bearing	-	17,561	5,854	-	-	23,415
Finance lease liability	6.64%	136	440	1,082	-	1,658
Variable interest rate instruments	5.16%	30,071	5,164	5,211	-	40,446
		47,768	11,458	6,293	-	65,519
2014						
Non-interest bearing	-	12,980	4,326	-	-	17,306
Finance lease liability	5.98%	50	149	189	-	388
Variable interest rate instruments	4.74%	1,683	5,049	43,130	-	49,862
		14,713	9,524	43,319	-	67,556

The following tables detail the Company's and the Group's remaining contractual maturity for its non–derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000
2015						
Non-interest bearing	-	33,964	-	-	-	33,964
Variable interest rate instruments	0.25%	8,417	-	-	-	8,417
		42,381	-	-	-	42,381
2014						
Non-interest bearing	-	54,449	-	-	-	54,449
Variable interest rate instruments	0.25%	10,070	-	-	-	10,070
		64,519	-	-	-	64,519

29 Financial Instruments (continued)

(j) Fair value of financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis:

Financial Assets and Financial Liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2015, the Group has a listed equity security which is classified as a level 2 fair value measurement. There were no transfers between levels in the period.

Financial Instruments	**Fair value as at**		**Fair value hierarchy**	**Valuation technique and key inputs**
	30/06/2015	**30/06/2014**		
Interest rate swap liability	Interest rate swap - $91,000	Interest rate swap - $80,000	Level 2	Valued using discounted cash flow techniques based on forward interest rates from observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk of the counterparties
Financial asset held for sale	Nil	Listed equity securities in Sino Gas and Energy Holdings Ltd (SEH) - $14,705,000	Level 1	Quoted bid prices in an active market

Financial Assets and Financial Liabilities that are measured at fair value on a non-recurring basis

At 30 June 2015, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

30 Related Party Disclosures

(a) Equity interests in related parties

Details of the percentage ownership of subsidiaries and the wholly owned Group is set out in note 24. The wholly owned Group consists of Imdex Limited and its wholly owned subsidiaries.

(b) Transactions with key management personnel

(i) Key management personnel compensation

Details of key management personnel compensation is set out in note 31.

(ii) Loans to key management personnel

No loans were made during the current or prior years to key management personnel or their related parties.

(c) Other transactions with related parties of Imdex Limited

(i) The Group receives recharge revenue from VES relating to work performed on the research and development of target tools. Services to VES are provided on normal commercial terms and conditions. Total revenue arising from VES was $1,637,285 (2014: $990,220).

Transactions with Related Parties

	2015 $	2014 $
Profit from ordinary activities before income tax		
Recharge Revenue from VES	1,637,285	990,220

As at 30 June 2015, VES owed the Group $697,000 (2014: nil).

(ii) Mr K A Dundo is a Partner of the legal firm HopgoodGanim, that provided legal services to the Imdex Group on normal commercial terms and conditions. Total legal costs arising from HopgoodGanim were $440,354 (2014: $506,857).

Transactions with Directors

	2015 $	2014 $
Profit from ordinary activities before income tax		
Legal services expense	440,354	506,857
Total assets and liabilities arising from transactions,		
Current Liabilities	131,346	70,680

(iii) Mr I Gustavino was appointed as a Director on 3 July 2015 and is also a Partner in Atrico Pty Ltd, a consulting company issued 900,000 options during the year - refer to note 32.

(d) Parent entity

The ultimate parent entity in the Group is Imdex Limited, a Company incorporated in Western Australia.

31 Key Management Personnel Compensation

Key management personnel compensation

The aggregate compensation of the key management personnel of the Group and the Company is set out below:

	2015 $	2014 $
Short-term employee benefits	3,156,592	3,276,391
Post-employment benefits	147,554	138,338
Other long-term benefits	46,053	282,440
Termination benefits	-	-
Share-based payments	229,851	39,595
	3,580,050	3,736,764

32 Staff Option Scheme

(a) Share Based Payment Arrangements

Consultant's Options

Options were issued to Atrico Pty Ltd (Atrico) as remuneration for acting as advisors for the Group. These options have been approved at the 2014 Annual General Meeting. These options will expire if the consultancy agreement between Atrico and the Group is terminated, otherwise 1 September 2017. Mr Gustavino, appointed Director of the Group on 3 July 2015, is also a Partner in Atrico.

(b) The following share based payment arrangements were in existence:

In the current year the following share based payment arrangements were in place:

2015	Issue Date	Expiry Date	Exercise Price $	Fair Value at Grant Date	Number of Options Opening balance	Issued current year	Exercised current year	Lapsed current year	Closing balance
Consultant's Options									
Tranche 1	26-Aug-14	1-Sep-17	1.00	0.18	-	900,000	-	-	900,000
					-	900,000	-	-	900,000

In the prior year there were no share based payment arrangements in existence.

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32 Staff Option Scheme (continued)

(c) Fair value of options granted during the financial year

Options were priced using a Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility trends.

2015

	Consultant's Options Tranche 1
Inputs into the model	
Grant date share price ($)	0.60
Exercise price ($)	1.00
Expected volatility	55%
Option life (years)	3.02
Risk-free interest rate	2.66%
Dividend yield	2.50%

No share options were issued in the prior year.

(d) Exercised during the financial year

There were no options exercised during the current or prior year.

(e) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of $1.00, and a weighted average remaining contractual life of 794 days.

(f) Reconciliation of movements in share options during the year

The following reconciles the outstanding share options granted under the Staff Option Scheme at the beginning and end of the financial year

	2015	
	Number of Options	Weighted Average Exercise Price
Balance at beginning of the financial year	-	-
Granted during the financial year	900,000	1.00
Forfeited during the financial year	-	-
Exercised during the financial year	-	-
Expired during the financial year	-	-
Balance at end of the financial year	900,000	1.00
Exercisable at end of the financial year	300,000	

33 Performance Rights Plan

(a) Performance Rights Plan

At the Imdex Limited Annual General Meeting on 15 October 2009 the shareholders approved the formation of a Performance Rights Plan (PRP or Plan) and subsequently renewed at the Annual General Meeting on 18 October 2012. The Plan allows for the issue of performance rights to employees from time to time. The quantum of performance rights granted to employees is at the discretion of the Directors and is generally based on seniority and level of contribution to the strategic goals of Imdex Limited. A performance right is the right to receive one fully paid Imdex Limited ordinary share for nil consideration should set hurdles be achieved and tenure of employment be maintained. The hurdles are set by the Directors when performance rights are issued and are generally linked to the achievement of financial or other strategic goals of Imdex Limited.

(b) Performance rights granted in the current year

Staff Performance Rights

5,394,795 performance rights were granted to employees during the year in 5 tranches (tranche 12,13,14,15 and 16 in the table below):

- Tranche 12 – 300,000 performance rights were issued to a Key Management Personnel and are to be allotted in equal 1/3 lots annually beginning in July 2015. These performance rights are subject to ongoing employment tenure only. The fair value of a performance right at grant date was $0.58 per right. The expected total cost of the estimated 300,000 fully paid ordinary shares to be issued in Imdex Limited will therefore be $171,000. This value will be expensed over the vesting period from July 2014 to June 2017, with $89,000 expensed in the current year.

- Tranche 13 – 153,730 performance rights were issued to an employee and are to be allotted in equal 1/3 lots annually beginning in July 2015. These performance rights are subject to ongoing employment tenure only. The fair value of a performance right at grant date was $0.58 per right. The expected total cost of the estimated 153,730 fully paid ordinary shares to be issued in Imdex Limited will therefore be $88,000. This value will be expensed over the vesting period from July 2014 to June 2017, with $37,000 expensed in the current year.

- Tranche 14 - 4,766,065 performance rights was issued to employees (Level 5 and above) in July 2015. Upon successful achievement of the below hurdles, allotment of these performance rights will be in August 2017 (once the FY17 independent audit report is signed).

  The performance rights are subject to a number of hurdles: a market based vesting condition in Total Shareholder Return (TSR), a non-market based vesting condition in Earnings Per Share (EPS) and Employment Tenure (Tenure Rights). In the case of the TSR and the EPS hurdles, Imdex Limited's performance will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (FY15 to FY17).

  The specified conditions for performance rights relating to each employee level are:

Employee Level	Specified Conditions
5 and 6	75% based on EPS and TSR, 25% based on employment tenure
7 and 8	100% based on EPS and TSR

  Exercise of the Performance Rights at the end of the 3-year period (30 June 2017) will commence when the Company's Performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's Performance is at the 90th percentile against the Peer Group.

  The fair value of a market performance right (TSR) at grant date was $0.36 per right. The expected total cost of the estimated 1,674,171 fully paid ordinary shares to be issued in Imdex Limited will therefore be $602,000. This value will be expensed over the vesting period from October 2014 to June 2017, with $200,000 expensed in the current year.

  The fair value of a non-market performance right (EPS) at grant date was $0.56 per right. For the purposes of the FY15 financial statements, the Directors have made an estimate that out of the 1,674,171 non-market performance rights issued, 50% will meet the required hurdles and will result in 837,085 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 837,085 fully paid ordinary shares to be issued in Imdex Limited will therefore be $468,000. This value will be expensed over the vesting period from October 2014 to June 2017, with $156,000 expensed in the current year.

  The fair value of a tenure right at grant date was $0.56 per right. The expected total cost of the estimated 803,030 fully paid ordinary shares to be issued in Imdex Limited will therefore be $447,000. This value will be expensed over the vesting period from October 2014 to June 2017, with $149,000 expensed in the current year.

  Since their granting, a number of performance rights have expired by virtue of staff leaving the employment of the Imdex Group, details of which are contained in the table below.

33 Performance Rights Plan (continued)

- Tranche 15 – 100,000 performance rights were issued to a Key Management Personnel and are to be allotted in equal 1/3 lots annually beginning in January 2016. These performance rights are subject to ongoing employment tenure only. The fair value of a performance right at grant date was $0.36 per right. The expected total cost of the estimated 100,000 fully paid ordinary shares to be issued in Imdex Limited will therefore be $36,000. This value will be expensed over the vesting period from January 2015 to January 2018, with $22,000 expensed in the current year.

- Tranche 16 – 75,000 performance rights were issued to an employee and are to be allotted in full in January 2017. These performance rights are subject to ongoing employment tenure only. The fair value of a performance right at grant date was $0.37 per right. The expected total cost of the estimated 75,000 fully paid ordinary shares to be issued in Imdex Limited will therefore be $27,000. This value will be expensed over the vesting period from January 2015 to January 2017, with $7,000 expensed in the current year.

Managing Director's Performance Rights

723,226 performance rights were granted to the Managing Director on 16 October 2014 following approval by the shareholders at the Annual General Meeting. Upon successful achievement of the below hurdles, allotment of these performance rights will be in August 2017 (once the FY17 independent audit report is signed).

The Managing Director is subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (FY15 to FY17).

Exercise of the Performance Rights at the end of the 3-year period (30 June 2017) will commence when the Company's Performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's Performance is at the 90th percentile against the Peer Group.

The fair value of a market performance right (TSR) at grant date was $0.36 per right. The expected total cost of the estimated 361,613 fully paid ordinary shares to be issued in Imdex Limited will therefore be $130,000. This value will be expensed over the vesting period from October 2014 to June 2017, with $43,000 expensed in the current year.

The fair value of a non-market performance right (EPS) at grant date was $0.56 per right. For the purposes of the FY15 financial statements, the Directors have made an estimate that out of the 361,613 non-market performance rights issued, 50% will meet the required hurdles and will result in 180,806 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 180,806 fully paid ordinary shares to be issued in Imdex Limited will therefore be $101,000. This value will be expensed over the vesting period from October 2014 to June 2017, with $33,000 expensed in the current year.

(c) Performance rights granted in the prior year

Staff Performance Rights

Tranche 11 comprising 5,124,070 performance rights was issued to employees on 4 October 2013 and were to be allotted in equal 1/3 lots annually beginning in August 2014. These performance rights were subject to profitability related hurdles as well as ongoing employment tenure. All of these performance rights expired due to performance hurdles not being met and no expense was incurred in the current year.

Managing Director's Performance Rights

300,000 performance rights were granted to the Managing Director on 17 October 2013 following approval by the shareholders at the Annual General Meeting. One fully paid Imdex Limited ordinary share will be issued in satisfaction of each performance right should the specified earnings per share and total shareholder return targets be met over the 3 year measurement period from FY14 to FY16. The Managing Director is subject to two hurdles each with equal weighting. The first is that the Total Shareholder Return (TSR) of Imdex Limited must exceed the average TSR of the ASX300 over the 3 year measurement period. The second is that the Earnings Per Share of Imdex Limited must exceed the average EPS of the ASX300 over the 3 year measurement period.

Measurement against targets will only be possible once the FY16 independent audit report is signed in August 2016.

For the purposes of the FY14 financial statements, the Directors have made an estimate of the likelihood of the achievement of the specified targets and hence the number of fully paid Imdex Limited ordinary shares that are likely to be issued. To the extent that hurldes are market related, adjustments will not be made in future periods should the actual number of shares issued be different from those estimated. It is estimated that out of the 300,000 performance rights issued, all will meet the required performance hurdles and will result in 300,000 fully paid Imdex Limited ordinary shares being issued on or about August 2016 should employment tenure be retained.

The fair value of a performance right at grant date was $0.78 per right. The expected total cost of the estimated 300,000 fully paid ordinary shares to be issued in Imdex Limited will therefore be $200,000. This value will be expensed over the vesting period from October 2013 to August 2016, with $100.000 expensed in the current year.

NOTES TO THE FINANCIAL REPORT

33 Performance Rights Plan (continued)

(d) Summary of performance rights outstanding

2015	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights: Opening balance	Granted	Satisfied by the allocation/ allotment of shares	Expired ^	Closing balance
MD Tranche	20-Oct-11	Oct-16	-	1.910	153,318	-	-	(153,318)	-
Tranche 7	5-Sep-11	Aug-15	-	2.100	640,000	-	(141,250)	(6,250)	492,500
Tranche 9	7-Oct-11	Aug-16	-	1.790	210,596	-	(174,975)	(35,621)	-
MD Tranche	18-Oct-12	Oct-17	-	1.440	264,818	-	-	-	264,818
MD Tranche	17-Oct-13	Oct-18	-	0.780	300,000	-	-	-	300,000
Tranche 12	1-Jul-14	Oct-18	-	0.600	-	300,000	-	-	300,000
Tranche 13	1-Jul-14	Oct-18	-	0.600	-	153,730	-	-	153,730
Tranche 14	1-Jul-14	Jun-17	-	0.600	-	4,766,065	-	(614,693)	4,151,372
MD Tranche	16-Oct-14	Jun-17	-	0.630	-	723,226	-	-	723,226
Tranche 15	12-Jan-15	Jan-18	-	0.380	-	100,000	-	-	100,000
Tranche 16	12-Jan-15	Jan-17	-	0.380	-	75,000	-	-	75,000

2014	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights: Opening balance	Granted	Satisfied by the issue of shares	Expired ^	Closing balance
Tranche 2	3-Dec-10	Aug-15	-	1.395	580,117	-	(536,534)	(43,583)	-
Tranche 4	10-Jun-11	Aug-16	-	2.160	66,666	-	(66,666)	-	-
MD Tranche	14-Oct-10	Oct-15	-	1.140	196,579	-	(128,876)	(67,703)	-
MD Tranche	20-Oct-11	Oct-16	-	1.910	153,318	-	-	-	153,318
Tranche 7	5-Sep-11	Aug-15	-	2.100	665,000	-	-	(25,000)	640,000
Tranche 9	7-Oct-11	Aug-16	-	1.790	437,811	-	(204,713)	(22,502)	210,596
Tranche 10	28-Sep-12	Aug-17	-	1.620	38,463	-	-	(38,463)	-
MD Tranche	18-Oct-12	Oct-17	-	1.440	264,818	-	-	-	264,818
MD Tranche	17-Oct-13	Oct-18	-	0.780	-	300,000	-	-	300,000
Tranche 11	4-Oct-13	Oct-18	-	0.810	-	5,124,070	-	(5,124,070)	-

^ - Performance rights expire either on failure to maintain employment tenure or on failure to satisfy performance hurdles. Reinstatements occur from time to time to correct historical errors when noted.

34 Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the Group.

Financial Position	**30 June 2015 $'000**	**30 June 2014 $'000**
Assets		
Current Assets	86,318	73,296
Non Current Assets	62,982	149,141
Total Assets	149,300	222,437
Liabilities		
Current Liabilities	39,041	13,147
Non Current Liabilities	5,978	41,292
Total Liabilities	45,019	54,439
Net Assets	104,281	167,998
Equity		
Issued Capital	93,259	90,259
Shares Reserved for Performance Rights Plan	(105)	-
Employee Equity-Settled Benefits Reserve	5,407	6,266
Foreign Currency Translation Reserve	6,624	-
Retained Earnings	(904)	71,473
Total Equity	104,281	167,998

Financial Performance	**Year Ended 30 June 2015 $'000**	**Year Ended 30 June 2014 $'000**
Loss for the year	(78,964)	(22,071)
Other comprehensive income, net of income tax	(5,562)	(750)
Total comprehensive loss	(84,526)	(22,821)
Retained Earnings at the beginning of the financial year	71,473	92,877
Loss for the year	(78,964)	(22,071)
Amounts transferred from reserves	(5,562)	(750)
Dividend received	4,907	1,417
Retained Earnings at the end of the financial year	(8,146)	71,473

34 Parent Entity Information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

	30 June 2015 $'000	30 June 2014 $'000
Guarantee provided under the deed of cross guarantee	67,620	80,121
Contingent liabilities of the parent entity	-	-

Commitments for the aquisition of property, plant and equipment by the parent entity

Plant and equipment		
Within one year	1,176	1,176
Between one and five years	4,704	4,704
Later than five years	4,704	5,880
	10,584	11,760

35 Subsequent Events

On 3 July 2015, Mr Ivan Gustavino was appointed a Non Executive Director.

On 18 August 2015 Imdex announced a proposed capital raising in relation to the matters referred to in note 2 (a).

ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 12 AUGUST 2015

(a) Distribution of Shareholders

	Number of Fully Paid Ordinary Shareholders	Number of Performance Rights Holders
1 – 1,000	457	-
1,001 – 5,000	953	-
5,001 – 10,000	546	-
10,001 – 100,000	908	49
100,001 – and over	128	15
	2,992	64
Holding less than a marketable parcel	777	-

(b) Substantial Shareholders

Ordinary Shareholders	Fully Paid	
	Number	Percentage
HSBC Custody Nominees (Australia) Limited	58,051,183	26.85%
J P Morgan Nominees Australia Limited	35,725,712	16.52%

(c) Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders	Fully Paid	
	Number	Percentage
HSBC Custody Nominees (Australia) Limited	58,051,183	26.85%
J P Morgan Nominees Australia Limited	35,725,712	16.52%
National Nominees Limited	16,115,447	7.45%
Citicorp Nominees Pty Limited	10,621,727	4.91%
Citicorp Nominees Pty Limited (Colonial First State Inv Account)	5,694,469	2.63%
Mr Richard Karl Hill (Icena Account)	5,250,000	2.43%
BNP Paribas Noms Pty Ltd (DRP)	3,542,600	1.64%
Viburnum Funds Pty Ltd (VF Strategic Equities Account)	3,200,000	1.48%
RBC Investor Services Australia Nominees Pty Limited (BKCust Account)	3,163,343	1.46%
UBS Nominees Pty Ltd (TP00014 15 Account)	2,262,800	1.05%
Telic Alcatel (Australia) Pty Ltd (Middendorp Directors SF Account)	1,514,076	0.70%
UBS Wealth Management Australia Nominees Pty Ltd	1,371,144	0.63%
Keeble Nominees Pty Ltd (Ridgeway Super Fund Account)	1,226,737	0.57%
Mr Kevin Thomas McLeod	1,036,816	0.48%
Warbont Nominees Pty Ltd (Unpaid Entrepot Account)	1,022,455	0.47%
Wear Services Pty Ltd	987,893	0.46%
Mr David Charles Lawie (COG Family Account)	978,042	0.45%
SAO Group Pty Ltd (The Springbank Family Account)	978,042	0.45%
Dimana Holdings Pty Ltd	840,000	0.39%
Mr Malcolm Geoffrey Ward and Ms Elisabeth Ward	824,828	0.38%
	154,407,314	71.42%

ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 12 AUGUST 2015

(d) Director and Company Secretary Shareholdings

Name	Number of Shares	Number of Options	Number of Performance Rights
Mr R W Kelly	380,000	-	-
Mr B W Ridgeway	2,343,506	-	1,288,044
Mr K A Dundo	150,000	-	-
Ms E Donaghey	210,000	-	-
Mr I Gustavino	62,077	900,000	-
Mr P A Evans	396,044	-	247,800
	3,541,627	900,000	1,535,844

(e) Company Secretary

Mr Paul Anthony Evans

(f) Registered Office

216 Balcatta Road
Balcatta
Western Australia
6021
Phone: (08) 9445 4010

(g) Share Registry

Computershare Investor Services
Level 11
172 St Georges Terrace
Perth WA 6000
Phone: (08) 9323 2000