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ABN 78 008 947 813

Innovative Technologies
Integrated Solutions
Global Support

15 February 2016

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

BY ELECTRONIC LODGEMENT

Dear Sirs

ASX APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015.

Please find attached Imdex Limited's Appendix 4D and Interim Financial Report for the Half Year Ended 31 December 2015, inclusive of the Auditors Review Report and Independence declaration.

Yours faithfully
Imdex Limited

Paul Evans
Company Secretary

IMDEX LIMITED

ABN 78 008 947 813

ASX Appendix 4D "Half Year" Report and Interim Directors' Report & Financial Report

for the Half Year ended 31 December 2015

The ASX Appendix 4D "Half Year" Report is provided to ASX in accordance with Listing Rule 4.2A for announcement to the market.

Current Reporting Period:	**31 December 2015**
Previous Corresponding Reporting Period:	**31 December 2014**

The Financial Report had been subject to review and is not subject to dispute or qualification. The auditors review report is included herein.

The interim Financial Report has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The interim Financial Report does not include all the notes of the type normally included in an annual Financial Report and hence should be read in conjunction with the latest annual report of Imdex Limited, being for the financial year ended 30 June 2015.

In addition, reference should be made to any public announcements made by Imdex Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

IMDEX LIMITED

and its controlled entities

APPENDIX 4D HALF YEAR REPORT 31 DECEMBER 2015

			Consolidated	
	Notes	**% Change up / (down)**	**Half Year Ended 31 Dec 2015 $ 000's**	**Half Year Ended 31 Dec 2014 $ 000's**
Continuing Operations				
Revenue from ordinary activities	(i)	4%	74,460	71,359
Profit for the period from continuing operations	(i),(ii)	(88%)	1,493	12,047
Discontinued operations				
Loss for the period from discontinued operations	(i),(iii)	21%	(2,870)	(2,370)
(Loss)/profit for the period attributable to members	(i)	(114%)	(1,377)	9,677
Net tangible assets per ordinary security (cents)			43.20	58.91

(i) The announcement made to ASX on 15 February 2016 provides an explanation of the Group's financial results and operating performance for the half year ended 31 December 2015.

(ii) The profit for the half year ended 31 December 2014 for the continuing operations includes a gain on disposal in Sino Gas and Energy Holdings Ltd (SEH) of $14.2 million, net of transaction costs (31 December 2015: nil).

(iii) The loss for the half year ended 31 December 2014 for the discontinued operations includes an expense of $2.1 million relating to the product containment incident (31 December 2015: nil).

IMDEX LIMITED
and its controlled entities

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

The Directors of Imdex Limited submit herewith the financial report of Imdex Limited and its subsidiaries (the Group or Consolidated Entity) for the half year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the Half Year are:

Name	**Period of Directorship**
Mr Ross Kelly AM, Non Executive Chairman	Appointed as Non Executive Director on 14 January 2004 and appointed as Non Executive Chairman on 15 October 2009
Mr Bernie Ridgeway, Managing Director	Appointed 23 May 2000
Mr Kevin Dundo, Non Executive Director	Appointed 14 January 2004
Ms Elizabeth Donaghey, Non Executive Director	Appointed 28 October 2009
Mr Ivan Gustavino, Non Executive Director	Appointed 3 July 2015
Mr James Hegyi, Non Executive Director	Appointed 1 December 2015

Review of Operations

	Consolidated	
	Half Year Ended 31 Dec 2015 $'000	**Half Year Ended 31 Dec 2014 $'000**
Total Revenue from continuing operations	74,460	71,359
Profit for continuing operations after tax for the half year	1,493	12,047
Loss for discontinued operations after tax for the half year	(2,870)	(2,370)
Total (loss)/profit after tax for the half year	(1,377)	9,677
Basic (loss)/earnings per share - continuing and discontinued operations	(0.58 ¢)	4.51 ¢
Basic earnings per share - continuing operations	0.63 ¢	5.61 ¢

The profit after tax for the half year ended 31 December 2015 for the continuing operations was $1.5 million (31 December 2014: $12.0 million) and included costs of $1.5 million relating to the capital raising that was not completed. The result was achieved on total revenue from continuing operations of $74.5 million (31 December 2014: $71.4 million).

The loss after tax for the half year ended 31 December 2015 for the discontinued operations was $2.9 million (31 December 2014: loss of $2.4 million).

During the half year ended 31 December 2014 the continuing operations sold the remaining 91.9 million shares of its Sino Gas and Energy Holdings Ltd shareholdings at a share price of 18.5 cents per share to realise gross cash proceeds of $17.0 million at a book profit before tax of $14.2 million.

Loss per share from total operations was 0.58 cents per share (31 December 2014: earnings of 4.51 cents per share), while earnings per share from the continuing operations was 0.63 cents per share (31 December 2014: 5.61 cents per share).

Further details on the operations and overall results are contained in the Financial Report and the announcement made to the ASX on 15 February 2016 regarding the Group's financial results and operating performance for the half year ended 31 December 2015.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the auditor, Deloitte Touche Tohmatsu, to provide the Directors of Imdex Limited with an Independence Declaration in relation to the review of the Half Year Financial Report. The Independence Declaration is on the next page.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Investments and Exchange Commission dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001.

Dated at Perth, 12 February 2016

Ross Kelly AM
Chairman

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Level 14
240 St Georges Terrace
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The Board of Directors
Imdex Limited
216 Balcatta Road
Balcatta WA 6021

12 February 2016

Dear Directors

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 review of the financial statements of Imdex Limited for the half year ended 31 December 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

AT Richards
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the members of Imdex Limited

We have reviewed the accompanying half-year financial report of Imdex Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out pages 6 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imdex Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Imdex Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

ATRichards

A T Richards
Partner
Chartered Accountants
Perth, 12 February 2016

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; and

(b) in the Directors' opinion, the attached Financial Report 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 Consolidated Entity.

Signed in accordance with a resolution of the Directors made pursuant to s. 303(5) of the Corporations Act 2001.

Dated at Perth, 12 February 2016

Ross Kelly AM
Chairman

IMDEX LIMITED

and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	Half Year Ended 31 Dec 2015 $'000	Half Year Ended 31 Dec 2014 $'000
Continuing operations			
Revenue from sale of goods and operating lease rental		74,440	71,300
Other revenue from operations		20	59
Total revenue		74,460	71,359
Other income		593	36
Gain on the disposal of shares in Sino Gas and Energy Holdings Ltd (SEH)		-	14,234
Raw materials and consumables used		(26,793)	(28,001)
Employee benefit expense		(24,358)	(22,019)
Depreciation expense		(4,284)	(3,437)
Amortisation expense		(297)	(667)
Finance costs		(4,206)	(1,614)
Share of profit of associate		-	517
Other expenses	2	(13,016)	(13,377)
Profit before tax		2,099	17,031
Income tax expense		(606)	(4,984)
Profit for the period from continuing operations		1,493	12,047
Discontinued operations			
Loss for the period from discontinued operations	3	(2,870)	(2,370)
(Loss)/profit for the period		(1,377)	9,677
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment on investment in SEH		-	2,298
Income tax relating to components of other comprehensive income		-	(689)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax		-	(10,166)
Exchange differences arising upon translation of Associate's net assets		-	4,647
Exchange differences arising on the translation of foreign operations		(3,948)	5,026
Other comprehensive income for the period, net of income tax		(3,948)	1,116
Total comprehensive (loss)/income for the period		(5,325)	10,793
(Loss)/profit attributable to owners of the parent		(1,377)	9,677
Total comprehensive (loss)/income attributable to owners of the parent		(5,325)	10,793
(Loss)/earnings per share			
From continuing and discontinued operations			
Basic (loss)/earnings per share (cents)		(0.58)	4.51
Diluted earnings per share (cents)		NA	4.38
From continuing operations			
Basic earnings per share (cents)		0.63	5.61
Diluted earnings per share (cents)		0.57	5.45

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Current Assets			
Cash and Cash Equivalents	9(i)	18,946	8,417
Trade Receivables		24,257	31,133
Inventories		26,654	37,304
Current Tax Assets		814	847
Other		5,898	6,132
		76,569	83,833
Assets classified as Held for Sale	4	49,294	32,217
Total Current Assets		125,863	116,050
Non Current Assets			
Property, Plant and Equipment		38,268	42,001
Deferred Tax Assets		17,454	15,630
Goodwill		58,300	59,326
Other Intangible Assets		4,228	3,297
Total Non Current Assets		118,250	120,254
Total Assets		244,113	236,304
Current Liabilities			
Trade and Other Payables		17,040	23,415
Borrowings	5	31,441	35,731
Other Financial Liabilities		-	91
Current Tax Liabilities		2,703	2,397
Provisions		3,670	4,600
		54,854	66,234
Liabilities directly associated with assets classified as held for sale	4(ii)	7,390	-
Total Current Liabilities		62,244	66,234
Non Current Liabilities			
Borrowings	5	9,423	6,109
Deferred Tax Liabilities		455	460
Provisions		2,078	2,685
Total Non Current Liabilities		11,956	9,254
Total Liabilities		74,200	75,488
Net Assets		169,913	160,816
Equity			
Issued Capital	6	99,174	93,259
Warrants Reserve	5	7,964	-
Shares Reserved for Performance Rights Plan	6	(12)	(105)
Foreign Currency Translation Reserve		(4,472)	(524)
Employee Equity-Settled Benefits Reserve		6,082	5,407
Retained Earnings		61,177	62,779
Total Equity		169,913	160,816

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

IMDEX LIMITED

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	Fully Paid Ordinary Shares	Warrants Reserve	Shares reserved for Performance Rights Plan	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Employee Equity-Settled Benefits Reserve	Retained Earnings	Total Attributable to Equity Holders of the Entity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014		90,259	-	-	(11,762)	8,557	6,266	83,602	176,922
Exchange differences on translation of foreign operations after taxation		-	-	-	5,026	-	-	-	5,026
Exchange differences arising upon translation of investment in Associate		-	-	-	4,647	-	-	-	4,647
Fair value adjustment on investment in SEH		-	-	-	-	2,298	-	-	2,298
Income tax relating to components of other comprehensive income		-	-	-	-	(689)	-	-	(689)
Cumulative profit reclassified to profit or loss on sale of SEH shares, net of tax		-	-	-	-	(10,166)	-	-	(10,166)
Profit for the period		-	-	-	-	-	-	9,677	9,677
Total comprehensive income for the period		-	-	-	9,673	(8,557)	-	9,677	10,793
Issue of shares as consideration for the acquisition of 2iC Australia Pty Ltd		3,000	-	-	-	-	-	-	3,000
Share based payments - options		-	-	-	-	-	66	-	66
Share based payments - performance rights		-	-	-	-	-	332	-	332
Granting/settlement of performance rights		-	-	231	-	-	(1,622)	1,391	-
Shares purchased on market to satisfy performance		-	-	(307)	-	-	-	-	(307)
Balance at 31 December 2014		93,259	-	(76)	(2,089)	-	5,042	94,670	190,806
Balance at 1 July 2015		93,259	-	(105)	(524)	-	5,407	62,779	160,816
Exchange differences on translation of foreign operations after taxation		-	-	-	(3,948)	-	-	-	(3,948)
Loss for the period		-	-	-	-	-	-	(1,377)	(1,377)
Total comprehensive income for the period		-	-	-	(3,948)	-	-	(1,377)	(5,325)
Issue of shares under share placement, net of transaction costs	6	5,915	-	-	-	-	-	-	5,915
Issue of warrants under new debt faciltiy	5	-	7,964	-	-	-	-	-	7,964
Share based payments - options		-	-	-	-	-	17	-	17
Share based payments - performance rights		-	-	-	-	-	622	-	622
Granting/settlement of performance rights		-	-	189	-	-	36	(225)	-
Shares purchased on market to satisfy performance		-	-	(96)	-	-	-	-	(96)
Balance at 31 December 2015		99,174	7,964	(12)	(4,472)	-	6,082	61,177	169,913

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

IMDEX LIMITED

and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	Half Year Ended 31 Dec 2015 $'000	Half Year Ended 31 Dec 2014 $'000
Cash Flows From Operating Activities			
Receipts from customers		100,163	107,196
Payments to suppliers and employees		(96,205)	(101,434)
Interest and other costs of finance paid	9(ii)	(4,399)	(1,615)
Income tax (paid)/refunded		(1,269)	223
Net cash (used in)/provided by Operating Activities		(1,710)	4,370
Cash Flows From Investing Activities			
Interest received		20	61
Payment for property, plant and equipment		(2,218)	(9,681)
Payment for development costs capitalised		(1,141)	-
Proceeds from the sale of SEH shares, net of costs		-	17,003
Overdraft acquired on acquisition of 2iC Australia Pty Ltd		-	(163)
Net cash (used in)/provided by Investing Activities		(3,339)	7,220
Cash Flows From Financing Activities			
Shares purchased on market to satisfy performance rights		(96)	(307)
Hire purchase and lease payments		(213)	(90)
Proceeds from borrowings	5	11,665	4,000
Repayment of borrowings		(1,326)	(16,268)
Proceeds from share placement, net of costs	6	5,915	-
Net cash provided by/(used in) Financing Activities		15,945	(12,665)
Net increase/(decrease) in Cash and Cash Equivalents Held		10,896	(1,075)
Cash and Cash Equivalents At The Beginning Of The Period		8,417	10,070
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(58)	574
Cash and Cash Equivalents At The End Of The Period	9(i)	19,255	9,569

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

1. Summary of Significant Accounting Policies

Statement of Compliance

The half year report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The half year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015, other than for the impact of the adoption of new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the consolidated entity and effective for annual reporting periods beginning on or after 1 July 2015.

Adoption of new and revised Accounting Standards

There have been no new and revised standards that have had a significant impact on the measurement or disclosure requirements of the Group.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, 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.

<u>Critical judgements in applying the entity's accounting policies</u>

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

<u>Key sources of estimation uncertainty</u>

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:

<u>Use of forecasts</u>

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.

- <u>Impairment of Goodwill, Intangibles, Fixed Assets and Assets Held for Sale</u>

  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. A goodwill amount of $58.3 million, an intangible assets amount of $4.2 million and a fixed assets amount of $42.2 million have been recognised in this half year report. Refer to note 10 for further information.

1. Summary of Significant Accounting Policies (continued)

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

  The planned disposal of Imdex's investment in VES and AMC Oil & Gas business, which have been classified as an Asset Held for Sale as detailed in note 3 will be subject to commercial negotiations and therefore the sales proceeds may vary from the carrying amounts recorded of $32.2 million and $9.7million and may be impacted by factors such as market conditions, an assessment of the outlook, the financial performances of the assets prior to any sale being finalised and foreign exchange movements.

- Recognition of deferred tax asset and liability

  A deferred tax asset of $17.5m and a deferred tax liability of $0.5m have been recognised on the face of the Consolidated Statement of Financial Position. The largest component of the deferred tax asset is the future tax benefit available to the group in respect of unused tax losses incurred of $9.4m, 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.

  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 and warrants

Performance rights and warrants 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 of performance rights and warrants. 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.

2. Other Income/(Expenses)

	Half Year Ended 31 Dec 2015 $'000	Half Year Ended 31 Dec 2014 $'000
Other income/(expenses) for the period include:		
Bad debts	669	431
Foreign exchange (gain)/loss	(430)	259
Obsolete stock	535	295
Product containment	-	2,142

3. Discontinued operations

On 26 August 2015, the directors resolved to dispose of the AMC Oil & Gas business. This, along with the announced sale of the investment in VES, is consistent with the Group's strategic focus to concentrate its activities in the minerals business. The Group is actively seeking buyers for these assets and has not recognised any impairment losses in the AMC Oil & Gas business as at the end of 31 December 2015.

The results of the AMC Oil & Gas business is set out below.

	Half Year Ended 31 Dec 2015 $'000	Half Year Ended 31 Dec 2014 $'000
Discontinued operations		
Revenue	16,836	30,143
Expenses (i)	(19,706)	(33,545)
Loss for the period before tax	(2,870)	(3,402)
Income tax benefit	-	1,032
Loss for the period after tax	(2,870)	(2,370)

(i) The half year ended 31 December 2014 includes an expense of $2.1 million relating to the product containment incident (31 December 2015: nil).

Cash Flows from Discontinued Operations		
Net cash (outflows)/inflows from operating activities	(454)	4,774
Net cash outflows from investing activities	(40)	(4,034)
Net cash outflows from financing activities	(72)	(25)
Net cash (outflows)/inflows	(566)	715

4. Assets classified as Held for Sale

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Investment in VES International	(i)	32,217	32,217
AMC Oil & Gas business	(ii)	17,077	-
		49,294	32,217

(i) 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 Company is actively pursuing the sale of the Group's 30.65% interest in VES and the Directors of the Company expect that the fair value less costs to sell the investment will be higher than the carrying amount of the investment. 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 1.

Indicators of impairment have been identified in relation to VES given its underperformance versus forecast in the period arising as a result of deterioration in the business environment within which VES operates. A review undertaken by the entity was performed which has shown no impairment is required at 31 December 2015. Changes in key assumptions used in the calculation such as operating conditions, financial performance or future reduced sales price may cause the recoverable amount of VES to fall below its carrying value.

The major classes of assets and liabilities of VES as at the reporting date are:

	31 Dec 2015 $'000	30 Jun 2015 $'000
Cash and Cash Equivalents	10,807	11,847
Trade receivables	7,308	8,384
Inventory	1,419	1,140
Property, Plant and Equipment	25,424	27,812
Goodwill	36,371	33,874
Intangible Assets	46,905	48,856
Other	3,267	441
Total Assets	131,501	132,354
Trade and other payables	(1,137)	(1,203)
Tax payables	(3,440)	(4,276)
Other	(3,548)	(5,547)
Total Liabilities	(8,125)	(11,026)
Net Assets	123,376	121,328
Share of Net Assets (30.65%)	37,815	37,187
VES comprises of the following:		
Opening cost of VES	32,217	26,270
Share of loss of VES (Equity Accounted)	-	(1,295)
Exchange differences arising upon translation of VES	-	7,242
Closing cost of VES	32,217	32,217

4. Assets classified as Held for Sale (continued)

(ii) During the period the Directors resolved to actively pursue the sale of the AMC Oil & Gas business. A search for a potential buyer is currently underway.

The Directors of the Company expect that the fair value less costs to sell the business will be higher than the carrying amount and therefore no impairment has been recognised as at 31 December 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 business prior to any sale being finalised and foreign exchange movements - refer to note 1.

The major classes of assets and liabilities of the AMC Oil & Gas business at the reporting date are:

	Notes	31 Dec 2015 $'000
Cash and Cash Equivalents	9(i)	309
Trade receivables		3,983
Inventory		7,999
Property, Plant and Equipment		3,959
Other		827
Assets of the AMC O&G buisness		17,077
Trade and other payables		(4,982)
Provisions		(992)
Borrowings		(553)
Other		(863)
Liabilities directly associated with the AMC O&G business		(7,390)
Net Assets		9,687

5. Borrowings

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Current borrowings			
Secured			
Sankaty Loan	(i)	31,152	-
Club Facility	(i)	-	35,240
Hire purchase liabilities	(ii)	289	491
		31,441	35,731
Non-current borrowings			
Secured			
Sankaty Loan	(i)	8,993	-
Club Facility	(i)	-	5,115
Hire purchase liabilities	(ii)	430	994
		9,423	6,109

(i) As announced to the market on 24 September 2015 the Company successfully re-financed its debt facilities extinguishing the amounts owed to its previous financiers HSBC and Westpac through a new facility with Sankaty resulting in a net inflow of $11.7 million.

The new facility is a three year AUD$54 million facility which is fully drawn as at 31 December 2015.

The facility has interest accruing at 10.75% (8.00% interest and 2.75% PIK), with the face value of AUD$54 million made up of USD ($7.9.million USD) and CAD ($2.2 million CAD) with the balance in AUD.

Certain covenants are required to be met under the facility and the Company is in compliance with those covenants as at 31 December 2015 and in the period to the date of this report and expects to be in compliance for the term of the facility.

The Company issued 37,041,867 nil priced warrants to Sankaty. These are escrowed until 12 November 2016 and can be settled in cash (at the option of the Company) or by the issue of shares prior to 12 November 2019. The warrants have been treated as equity as the Company can settle the warrants by issuing Imdex shares on a fixed for fixed basis (one share for one warrant). The value attributable to the warrants determined using a black scholes valuation of $8.0 million has been recorded in a separate equity reserve.

The carrying value of the borrowings as at 31 December 2015 of $40.1 million has been recorded using the amortised cost method and has been derived based on the amount drawn under the facility less the value allocated to the warrants and recorded in equity and capitalised borrowing costs ($5.2 million) plus interest accrued and capitalised in the period from initial drawdown to 31 December 2015.

The current portion of the borrowings represents the amount expected to be repaid using the proceeds from the sale of the assets classified as held for sale (refer to note 4).

(ii) 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 6.63% (30 June 2015: 6.64%).

6. Issued Capital and Shares reserved for Performance Rights Plan

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Issued and Paid Up Capital - Fully paid ordinary shares	(i)	99,174	93,259

		31 Dec 2015		30 Jun 2015	
Ordinary shares	**Notes**	**Number**	**$'000**	**Number**	**$'000**
Balance at beginning of the period		216,203,136	93,259	212,110,368	90,259
Issue of shares under share placement	ii	32,400,000	6,480	-	-
Transaction costs relating to share placement	ii	-	(565)	-	-
Issue of shares as consideration for the acquisition of 2iC Australia Pty Ltd		-	-	4,092,768	3,000
Closing balance at end of the period		248,603,136	99,174	216,203,136	93,259

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

(ii) On 28 August 2015, the Company issued 32.4 million shares to raise a net amount of approximately $5.9 million.

(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.

Shares reserved for Performance Rights Plan	31 Dec 2015 $'000	30 Jun 2015 $'000
Balance at beginning of the period	(105)	-
Net movement of shares	93	(105)
Balance at the end of the period	(12)	(105)

At balance date, the Company, through a Trustee, holds 57,500 shares in Trust for employees under the Performance Rights Plan (30 June 2015: 153,775).

7. Dividends

No dividend was paid during the current or prior period.

8. Segment Information

The Group comprises the following reportable segment which is 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. During the period this segment became a discontinued operations (refer to note 3).

(a) Segment Revenues

	Total	
	Half Year 31 Dec 15 $'000	**Half Year 31 Dec 14 $'000**
Minerals (continuing operations)	74,440	71,300
Oil & Gas (discontinued operations)	16,836	30,143
Total of all segments	91,276	101,443
Interest income	20	59
Total revenue	91,296	101,502

(b) Segment Profit/(Loss)

Minerals (continuing operations)	10,299	8,260
Oil & Gas (discontinued operations) (i)	(3,602)	(4,155)
Total of all segments	6,697	4,105
Central administration costs (ii)	(7,468)	(4,710)
Gain on the disposal of shares in SEH	-	14,234
(Loss)/profit before income tax expense	(771)	13,629
Income tax expense	(606)	(3,952)
(Loss)/profit attributable to ordinary equity holders of Imdex Limited	(1,377)	9,677

(i) 31 December 2014 number includes the share of profit of Associate of $0.5 million and the net movement in the Origin product containment provision of $2.1 million.

31 December 2015 number includes costs of $0.7 million (31 December 2014: $1.3 million) that relate to USA instrumentation expenses that are to be transferred to the Minerals division upon completion of the sale of the discontinued operations.

(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.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, directors' salaries, net finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Segment Assets

	Assets	
	31 Dec 15 $'000	**30 Jun 15 $'000**
Minerals (continuing operations)	194,819	188,616
Oil & Gas (discontinued operations)	49,294	47,688
Consolidated	244,113	236,304

9. Cash and Cash Equivalents

(i) Reconciliation of cash and cash equivalents

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Cash and bank balances		18,946	8,417
Cash and bank balances included in assets held for sale	4(ii)	309	-
		19,255	8,417

(ii) Interest and other costs of finance paid in the Statement of Cash Flows includes borrower's facility fee and costs relating to the capital raising that was not completed.

10. 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 the below CGUs:

- AMC Minerals Asia Pacific
- AMC Oil & Gas Asia Pacific

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

A "Value in Use" calculation for each of these CGUs has consequentially been performed which has shown no impairment is required at 31 December 2015.

For value in use calculations, cash flow projections are based on Imdex's corporate plans and business forecasts prepared by management. 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 are based on management's business specific growth forecast reflecting 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 provided by management 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.

10. Impairment (continued)

The key assumptions used for assessing the recoverable amounts of Imdex's major CGUs include:

- 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.

11. Contingent Liabilities and Contingent Assets

The Group is party to legal proceedings and claims which arise in the normal course of business. During the period the Group was successful in undertaking legal proceedings against a competitor for patent infringement. The claim for the breach is yet to be determined.

Any liabilities may be mitigated by legal defences, insurance, and third party indemnities. Unless recognised as a provision, 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.

12. Subsequent Events

There are no matters or circumstances that have arisen since the end of the half-year which will significantly affect, or may significantly affect the state of affairs or operations of the reporting entity in future financial periods.