Intec Ltd

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ANNUAL REPORT 2014

Intec Ltd 2014 Annual Report

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Letter from the Chairman and Managing Director

Dear Intec Shareholder,

30 September 2014

This is Intec Ltd's (Intec) or the Company('s) thirteenth Annual Report since listing on the Australian Securities Exchange and includes the audited financial statements for the financial year ending 30 June 2014.

For the 2013/14 financial year the Company recorded a loss after tax of $1.261 million compared to a loss after tax of $2.626 million for the previous financial year. The current year loss after tax included the following non-cash items; an impairment expense of $0.163 million, relating to the carrying value of shares held in Bass Metals Limited, and depreciation and amortisation charges of $0.380 million, principally related to the Burnie Research Facility. Net cash outflows from operating activities reduced to $0.634 million compared with $0.829 million for the prior year.

The pivotal event for the Company during the year was the acquisition of a 50% interest in Science Developments Pty Ltd (SciDev). The Company acquired its 50% interest for $1.300 million and holds an option to move to 100% ownership. SciDev is a Sydney-based company that develops, manufactures and supplies organic coagulants and flocculants for water and wastewater treatment and sludge dewatering. The acquisition is part of the Group's objective to expand its interests in the treatment of industrial waste.

The financial performance of SciDev since Intec's acquisition of its 50% interest in November 2013 has been below expectations, although sales revenue was maintained at the same level as the prior financial year. From the acquisition date until financial year-end, SciDev recorded a small loss after tax. The small loss after tax was due to a number of factors, including the following:

- An increased cost base in the areas of personnel and business development;
- The impact of structural change in certain end use industries, for example, dairy;
- Increased allocation of resources into R & D activities, in particular those focused on mining industry applications; and
- Expansion into other end user industries and geographical areas taking longer than anticipated.

The Company retains confidence in its investment in SciDev and expects improved performance in the current financial year. Further information on SciDev and its activities is provided in the Review of Operations.

Subsequent to financial year end, the Company approved and commenced the decommissioning of the Burnie Research Facility (the Facility). The Facility had been profitably treating Tasmanian sourced industrial waste on an intermittent basis for several years. Following the closure of the principal source of waste feedstock there remained no economic rationale for continued ownership of the Facility. Decommissioning has now been completed at no net cost to the Company due to the receipt of treatment fees and sale of plant and equipment. With closure of the Facility, the monthly operating expenses of the Company have been further reduced.

Yours sincerely

Trevor A Jones
Chairman

Kieran G Rodgers
Managing Director

Review of Operations

Science Developments Pty Ltd

On 26 November 2013, the Company acquired a 50% interest in Science Developments Pty Ltd (SciDev) for a cash consideration of $1.300 million. The purchase consideration was based on a multiple of SciDev's average earnings before interest and tax over the prior three years. In addition, the Company holds an option to acquire the remaining 50% of SciDev prior to 31 August 2016, based on an agreed formula related to future profitability.

Sydney-based SciDev was established in 2001 to commercialise technologies developed in the area of organic wastewater treatment chemicals that are applicable across a broad range of industry sectors. Since establishment SciDev has continued to research, develop, manufacture and import a range of coagulants and flocculants for use in wastewater treatment and sludge dewatering principally in the agribusiness and mining industries.

The operations of SciDev comprise office and laboratory facilities at Belrose in Sydney and manufacturing and warehouse facilities at Terrey Hills in Sydney.

Portion of SciDev's Laboratory Facilities

Portion of SciDev's Sydney Warehouse Facilities

The acquisition of an interest in SciDev is complementary to Intec's activities in the treatment of waste products from mining and related industries. The existing management of SciDev remains in place and Intec has two Directors on the four-member SciDev Board.

For the period from the date of acquisition until financial year-end, SciDev incurred a small loss after tax, notwithstanding that sales were maintained at the same level as the prior financial year. The after tax loss was principally due to a materially increased cost base as a result of:

1. entering into contractual employment arrangements at market rates, with the SciDev continuing management team;
2. the employment, at market rates, of a Business Development Director;
3. higher business development expenses, in particular increased travel and accommodation expenses;
4. increased research and development expenses; and
5. sales growth being lower than anticipated as discussed below.

Immediately prior to the end of the financial year, the shareholders of SciDev contributed $100,000 in unsecured loan funds to SciDev, of which Intec's share was $50,000. The purpose of the loan was to fund current and future business development activities including intellectual property protection.

At the time of the acquisition of its 50% interest in SciDev, Intec believed that there was significant opportunity for business growth through expansion into other end use markets and geographical areas where SciDev did not have a presence. This acquisition rationale remains valid and is the focus of SciDev and Intec management.

A summary of end use markets for SciDev products and the status of business development activities is provided below.

- Manufacturing of dairy products: remains a significant portion of sales, notwithstanding industry specific issues resulting in declining sales to individual customers.
- Mining and minerals processing, including quarrying: SciDev commenced its first sales into the quarrying industry during the year. In addition, the coal industry has become an increasing focus of both research and development and business development, and subsequent to year-end SciDev lodged a provisional patent for its OptiFlox system (see below for further details on this system). Business development activities in the coal industry will be a major focus during 2014/15.

- Food products manufacturing: SciDev had an existing small presence in this sector. During the year trials were conducted at a large food manufacturing facility. Further trials are required before this site can be converted to SciDev product during 2014/15.
- Sewage treatment facilities: A successful trial was conducted at an industry facility during the year and sales into this sector are expected in 2014/15.
- Industrial waste treatment: SciDev had an existing small presence in this sector. Business development has focused on larger participants in this sector. As a result, sales, albeit at low levels, have commenced to two east coast facilities operated by a major industry participant.

SciDev has a competitive product offering, in particular its coagulants, but limited human resources. Consequently, the focus of business development during 2014/15 will be on those industry sectors that generate larger volumes of wastewater requiring treatment, for example, the coal industry, and developing alternate distribution avenues for its products. Nevertheless, the Directors recognise that successful penetration of new markets take time to achieve. The Directors expect to see material progress in SciDev's business during 2014/15.

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

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

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

DairyFlox®

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

MaxiFlox®

For all businesses other than dairy processors, MaxiFlox® coagulant / flocculent range delivers optimum performance in the treatment of wastewater streams at a treatment cost generally unsustainable by market competitors. MaxiFlox® provides significantly better treatment cost savings to end-users compared with competitor products.

DairyFlox® and MaxiFox® Coagulant IBC's awaiting re-filling at SciDev's manufacturing facility

SciDev's coagulants are proprietary formulations developed in-house over an extensive 12 year research and development program. The products are manufactured in SciDev's Sydney plant utilising the company's unique "co-polymerisation" technology. This unique manufacturing process, coupled with low overheads, delivers optimum performance at a treatment cost that is significantly more cost effective than competitor coagulants. Given the competitive position of its coagulants, SciDev is actively seeking alternative distribution avenues to increase sales.

Subsequent to year-end, SciDev introduced a new product to its range being the OptiFlox system SciDev's development of the OptiFlox system, including the lodgement of a provisional patent, is to address a coal industry need, i.e. improving the productivity of thickener performance at coal washing and preparation plants. The OptiFlox system includes a new technology that continuously measures particle characteristics of coal slurry, in order to maintain optimal flocculation conditions through automatic, real-time control of coagulant dosing. Now that the provisional patent has been lodged, an agreed trial of the OptiFlox system will take place at a large Australian coal mine during the December quarter of this year. The OptiFlox system is also applicable to the metalliferous industry.

Intec remains confident that the increased resources being applied to SciDev business development, research and development and the introduction of the OptiFlox system will begin to show in financial performance during the current year.

Burnie Research Facility

During the year the Burnie Research Facility (the Facility) successfully and profitably conducted several campaigns to treat industrial waste from Automotive Components Limited (ACL) (Receivers and Managers Appointed) (In Liquidation). ACL ceased operations on 30 June 2014.

The cessation of operations at ACL was expected and subsequent to year-end the Company made a decision to de-commission the Facility, after being unable to identify a buyer. Prior to commencement of de-commissioning a de-commissioning and rehabilitation plan was agreed with the Tasmanian EPA.

At the date of this Annual Report, de-commissioning activities have been completed including water and soil sampling as required by the Tasmanian EPA. During the period of de-commissioning a further treatment campaign was completed on ACL material. The costs of the de-commissioning program, including an employee redundancy payment and a 'make good' payment to the buildings landlord were offset by the sale of plant and equipment and the receipt of ACL treatment fees. The Company has submitted to the Tasmanian EPA the results of required soil and groundwater sampling and is now awaiting a response. The Company is confident that it will receive the approval of the Tasmanian EPA for its de-commissioning and rehabilitation activities. The carrying value of the Facility on Intec's balance sheet was depreciated to zero as at 30 June 2014.

Zeehan Slag Dump

The Intec Group holds a Mining Lease and Retention Licence over the Zeehan Slag Dump, located 3 kilometres south of Zeehan on the Tasmanian West Coast. The slag dump comprises zinc-bearing residues from an historic lead smelter previously operated at the site. During 2011/12, the Group recovered a small portion of the dump to blend with its stockpiles of EAF Dust for export. Dependent upon movements in the zinc price it may be possible to commence export of recovered tonnages from the Zeehan Slag Dump in coming years.

Zeehan Slag Dump

Corporate

The Group's cash reserves at 30 June 2014 were $1.748 million. While the Company continues to review acquisitions either complementary or supplementary to its interest in SciDev, it is unlikely any further acquisition will take place until higher levels of sales and profits are generated by SciDev.

With the de-commissioning of the Burnie Research Facility, the Company's operating expenses will materially reduce and there is currently no foreseeable need to raise additional equity capital.

The Group continues to hold a 5.6% interest in Bass Metal Ltd (ASX Code: BSM) and a 2.5% Net Smelter Royally relating to the possible future extraction of base metals from certain tenements in the Hellyer-Que River region of Tasmania.

Directors' Report

Your Directors present their report on the Intec Group of Companies (referred to hereafter as the Group) consisting of Intec Ltd (Intec or the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors
The following persons were Directors of the Company during the year ended 30 June 2014. No Intec Director is either currently a director of another ASX listed company or has been a director of any other ASX-listed company in the last 3 years.

Trevor A Jones B.Comm. (Melb)
Chairman

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

Kieran G Rodgers B.E. (Hons.) Min. (UNSW), M.B.A. (IMD)
Managing Director

Mr Rodgers joined Intec in March 2001 after 13 years of experience in merchant banking and financial consulting, principally at Resource Finance Corporation Ltd, which specifically focused on the Australian and international resources industry. He was appointed as an Executive Director of Intec on 28 February 2007. Mr Rodgers was appointed Managing Director on 6 February 2012. Mr Rodgers is a member of the Corporate Governance Committee.

Daniel Joseph Cronin
Non-executive Director B.E. (Uni. College, Cork) M.Sc. (Southampton), MBA (LBS)

Mr. Cronin was appointed to the Board of Intec on 26 November 2013. Mr. Cronin began his career as an Engineer with the British consulting firm Halcrow, working for 6 years in the UK and South America. This was followed by 5 years working in project management with the construction company Gammon in Hong Kong and Singapore. Following completion of an MBA degree, he was employed in the chemical industry for 23 years, initially with Sandoz and later with Degussa and BASF. He has worked in senior general management roles in Zurich, Sydney and Singapore. His most recent position was Senior Vice President – Construction Chemicals for BASF with responsibility for Europe, Middle East and Africa. Mr Cronin is the Chairman of the Audit Committee and a member of the Corporate Governance Committee and the Nomination and Remuneration Committee.

James R G Bell B.A. (Syd), LL.B. (Syd)
Non-executive Director

Mr Bell is an Australian barrister and solicitor who has practised as a commercial lawyer for 30 years, including 10 years as a partner in the national law firm of Blake Dawson Waldron and 3 years as head of the Banking and Finance division of that firm in Sydney. In 1995, he established his own law firm and has advised some of Australia's major companies and professional firms across a broad spectrum of endeavour, also providing assistance to the board of Intec in relation to various corporate transactions over several years. He was appointed as a Non-executive Director of Intec on 1 May 2007 and was not re-elected at the 2013 Annual General Meeting.

Company Secretary

Robert J Waring B.Ec. (Syd), C.A., F.C.I.S., F.Fin., F.A.I.C.D, MAusIMM
Company Secretary

Mr Waring was appointed to the position of Company Secretary of Intec in December 1998 and has over 40 years experience in financial and corporate roles including over 20 years in company secretarial roles for ASX-listed companies and 18 years as a director of ASX-listed companies. He is a director of Oakhill Hamilton Pty Ltd, which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Full meetings of Directors		Meetings of committees					
			Audit		Corporate Governance		Nomination and Remuneration	
	A	B	A	B	A	B	A	B
T A Jones	6	6	2	2	1	1	1	1
K G Rodgers	6	6	*	*	1	1	*	*
D J Cronin	4	4	1	1	0	0	0	0
J R G Bell	3	3	1	1	1	1	1	1

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

Retirement, Election and Continuation in Office of Directors

Trevor Jones is the Director retiring by rotation, and being eligible, offers himself for re-election to the Board. Daniel Cronin, who was appointed immediately prior to the 2013 Annual General Meeting, will also stand for election.

Principal Activities

During the year to 30 June 2014, the Group continued to operate the Burnie Research Facility on a campaign basis. On 26 November 2013, the Company acquired a 50% interest in Science Developments Pty Ltd a manufacturer and supplier of organic chemicals for wastewater treatment. There were no other significant changes in the nature of the activities of the Group during the year.

Review of Operations

The Review of Operations are disclosed and discussed on pages 2 to 6 of the Annual Report.

Dividends

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

Significant Changes in the State of Affairs

On 26 November 2013, the Company acquired a 50% interest in Science Developments Pty Ltd a manufacturer and supplier of organic chemicals for wastewater treatment.

Events Subsequent to the End of the Reporting Period

Subsequent to financial year end, the Group approved and commenced the decommissioning of the Burnie Research Facility. It is expected that the financial cost of decommissioning will be offset by treatment fees and the sale of plant and equipment.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected or may significantly affect the consolidated entities operations, the results of these operations, or the consolidated entities state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Burnie Research Facility will be decommissioned, the Company will likely exit its shareholding in Intec International Projects Pty Ltd and seek to realise on-going value from its intellectual property portfolio. The principal focus of the Company will be on improving the financial performance of Science Developments Pty Ltd.

Environmental Regulation

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the States of New South Wales and Tasmania.

Intec is licensed to operate under Section 55 of the Protection of the Environment Operations Act 1997 (NSW Environment Protection Authority) and the associated Protection of the Environment Operations (General) Regulation 1998.

Intec Envirometals Pty Ltd is licensed to operate premises in Tasmania under Section 25 (5) of the Environmental Management and Pollution Control Act 1994 (Tas). The Group is at all times in full environmental compliance with the conditions of its licences.

Remuneration Report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration;
B Details of remuneration;
C Service agreements and letters of employment;
D Share based compensation;
E Shareholdings of directors and key management personnel; and
F Additional information.

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

A Principles Used To Determine the Nature and Amount of Remuneration

The objective of the Group's executive reward framework is to ensure that the reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of financial objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

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

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Non–executive Directors. The Board reviews Non-executive Directors' fees and payments annually. Non-executive Directors' fees are determined within an aggregate Non-executive Directors' cash remuneration limit, which is periodically recommended for approval by shareholders. The current limit of $400,000 was approved by shareholders at the 2007 Annual General Meeting held on 14 November 2007. In addition, Non-executive Directors are able to participate in issues of options pursuant to the Intec Option Plan. The values of any options granted to Non-executive Directors are not included in the aggregate cash remuneration limit as they are not cash based payments.

Executive pay

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

- base pay, superannuation and non-monetary benefits; and
- long term incentives through participation in the Intec Option Plan.

Base pay

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

Intec Option Plan
Information on the Intec Option Plan is set out in note 34. Participation in the Intec Option Plan is at the discretion of the Board and there is no guarantee of annual participation by any executive.

B Details of Remuneration
Amounts of remuneration
Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Intec and the Group are set out in the tables below. Remuneration for the year ended 30 June 2014 did not include any participation in the Intec Option Plan. The key management personnel during the year ended 30 June 2014 of Intec and the Group include the Directors and the following key management (KMP) person: A J Randall – *General Manager*

2014	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,444	-	-	-	6,424	-	75,868
J R G Bell [1]	24,038	-	-	-	2,224	-	26,262
D J Cronin [2]	25,000	16,750	-		2,312	-	44,062
Sub-total	**118,482**	**16,750**	**-**	**-**	**10,960**	**-**	**146,192**
Executive Directors							
K G Rodgers	215,000	-	5,443	-	19,887	-	240,330
Sub-total	**215,000**	**-**	**-**	**-**	**19,887**	**-**	**240,330**
KMP							
A J Randall	117,900	-	-	-	10,906	-	128,806
Sub-total	**117,900**	**-**	**-**	**-**	**10,906**	**-**	**128,806**
Total	**451,382**	**16,750**	**5,443**	**-**	**41,753**	**-**	**515,328**

1. Ceased to be a Non-executive Director on 27 November 2013.
2. Represents from 26 November 2013.

2013	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,445	-	-	-	6,250	-	75,695
J R G Bell	53,419	-	-	-	4,808	-	58,227
Sub-total	**122,864**	**-**	**-**	**-**	**11,058**	**-**	**133,922**
Executive Director							
K G Rodgers	221,342	-	-	-	19,350	-	240,692
Sub-total	**221,342**	**-**	**-**	**-**	**19,350**	**-**	**240,692**
Other KMP							
D W Clark *	-	48,418	-	-	-	-	48,418
A J Randall	135,341	-	-	-	12,705	-	148,046
D L Sammut *	135,178	-	-	79,243	16,875	-	231,296
A R Tong *	93,369	-	-	116,145	15,549	-	225,063
Sub-total	**363,888**	**48,418**	**-**	**195,388**	**45,129**	**-**	**652,823**
Total	**708,094**	**48,418**	**-**	**195,388**	**75,537**	**-**	**1,027,437**

* Ceased employment or consultancy during the year ended 30 June 2013.

C Service Agreements and Letters of Employment

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

	Start Date	Term of Agreement	Base Salary at 1 July 2015 $	Notice period for employee (months)	Termination compensation
Executive Director					
K G Rodgers	1 March 2012	3 years	215,000	6	6 months salary
Specified Executive					
A J Randall	1 July 2013	3 years	117,900	1	6 months salary

D Share Based Compensation

Options are granted under the Intec Option Plan, which was approved by shareholders at the 2001 Annual General Meeting. All directors, employees and consultants are eligible to participate in the plan. Options are granted under the plan for no additional consideration. Options are granted for a five year period, and vest and are exercisable immediately, unless otherwise stated. Options granted under the plan carry no dividend or voting rights. The granting of options is at the Board's discretion and no individual has a contractual right to receive options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
9 December 2011	21 November 2016	$0.03	$0.0122	9 December 2011

Details of options over ordinary shares in the Company provided as remuneration to each Director of Intec and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Intec. Further information on the options is set out in notes 21 and 34.

2014 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	400,000	-	-	-	400,000	400,000
K G Rodgers	1,200,000	-	-	-	1,200,000	1,200,000
D J Cronin	-	-	-	-	-	-
J R G Bell [1]	300,000	-	-	300,000	-	-
Other key management personnel of the Group						
A J Randall	400,000	-	-	-	400,000	400,000

1. Ceased to be a Non-executive Director on 27 November 2013.

2013 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	415,000	-	-	15,000	400,000	400,000
K G Rodgers	1,320,000	-	-	120,000	1,200,000	1,200,000
J R G Bell	330,000	-	-	30,000	300,000	300,000
Other key management personnel of the Group						
D W Clark *	400,000	-	-	400,000	-	-
A J Randall	430,000	-	-	30,000	400,000	400,000
D L Sammut *	1,050,000	-	-	50,000	1,000,000	1,000,000
A R Tong *	1,050,000	-	-	1,050,000	-	-

* Ceased employment or consultancy during the year ended 30 June 2013.

The assessed fair value at grant date of options granted to individuals is included in the remuneration tables on page 11, if a grant of options has taken place during the period. Fair values at grant date are determined using share option valuation models that take into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

There were no options granted in the twelve (12) months to 30 June 2014 (Nil – 2013).

Shares provided on exercise of remuneration options
No ordinary shares in the Company were provided as a result of the exercise of remuneration options by a Director of Intec (Nil – 2013). No options were exercised by any key management personnel of the Group (Nil – 2013).

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

Shares issued on the exercise of options
No ordinary shares of Intec were issued during the year ended 30 June 2014 on the exercise of options granted under the Intec Option Plan. No further shares have been issued on the exercise of options since that date.

E Shareholdings of Directors and Key Management Personnel

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

2014 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	268,954	-	-	268,954
K G Rodgers	17,904,623	-	1,000,001	18,904,624
J R G Bell [1]	112,892	-	-	[1]
D J Cronin	-	-	2,000,000	2,000,000
Other key management personnel of the Group				
A J Randall	-	-	-	-

1. Ceased to be a Non-executive Director on 27 November 2013

2013 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	268,954	-	-	268,954
K G Rodgers	14,779,623	-	3,125,000	17,904,623
J R G Bell	112,892	-	-	112,892
Other key management personnel of the Group				
D W Clark *	10,000	-	-	*
A J Randall	-	-	-	-
D L Sammut *	49,561	-	-	*
A R Tong *	5,400	-	-	*

* Ceased employment or consultancy during the year ended 30 June 2013.

F Additional Information

In the five years since 1 July 2009 Directors' total remuneration has decreased by an average of 12.91% per annum.

This concludes the Remuneration Report, which has been audited.

Insurance of officers
The Company has, by Deed of Access, Indemnity and Insurance, paid a premium to insure the Directors and Officers of the Group in respect of certain legal liabilities, including costs and expenses in successfully defending legal proceedings, whilst they remain as Directors and Officers and for seven years thereafter. The insurance

contract prohibits the disclosure of the total amount of the premiums and a summary of the nature of the liabilities covered.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non audit services
The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Crowe Horwath, Sydney) for audit and non-audit services provided during the year are set out below.

	Consolidated	
	2014 $	2013 $
Assurance Services		
1. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*		
Crowe Horwath Sydney	**71,000**	51,500
Total remuneration for audit services	**71,000**	51,500
2. Non audit services		
Tax compliance services, including review of company income tax returns	**-**	-
Total remuneration for non audit services	**-**	-

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Authorisation

This report is made in accordance with a resolution of Directors. The financial report was authorised for issue by the Directors on 30 September 2014. The Company has the power to amend and revise the financial report.

Kieran Rodgers
Managing Director

Sydney
30 September 2014

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The Board of Directors
Intec Ltd
Level 3, 100 Mount Street
North Sydney NSW 2060

Dear Board Members

INTEC LTD AND CONTROLLED ENTITIES

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Intec Ltd.

As lead audit partner for the audit of the financial report of Intec Ltd for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, that 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

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
PARTNER

Dated this 30th day of September 2014

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2014

	Notes	Consolidated 2014 $	2013 $
Revenue from continuing operations	6	**1,281,439**	1,065,853
Administration expense		**(438,055)**	(449,071)
Burnie Research Facility expenses		**(52,363)**	(71,930)
Depreciation and amortisation expense	7	**(380,168)**	(834,180)
Engineering and other consultants expenses		**(93,969)**	(83,964)
Employee benefits expense		**(781,809)**	(1,210,696)
Finance costs	7	**(8,716)**	(3,177)
Recouped environmental bond	7	**-**	121,230
Impairments expense	7	**(162,900)**	(872,977)
Occupancy expense	7	**(135,471)**	(227,646)
Research and development expenses	7	**-**	(10,133)
Treatment expense		**(557,207)**	(120,538)
Other expenses		**(2,316)**	(18,995)
(Loss)/Profit before income tax		**(1,331,535)**	(2,626,224)
Income tax benefit/(expense)	8	**70,401**	-
(Loss)/Profit from continuing operations			
(Loss)/Profit from discontinued operations after income tax		**-**	-
Net (Loss)/Profit for the year		**(1,261,134)**	(2,626,224)
Other comprehensive (loss)/income		**-**	-
Income tax relating to components of other comprehensive income		**-**	-
Other comprehensive (loss)/income for the year, net of income tax		**-**	-
Total comprehensive (loss)/income for the year		**(1,261,134)**	(2,626,224)
(Loss)/Profit attributable to:			
Owners of Intec Ltd		**(1,177,945)**	(2,567,869)
Non-controlling interests		**(83,189)**	(58,355)
		(1,261,134)	(2,626,224)
Total comprehensive (loss)/income attributable to:			
Owners of Intec Ltd		**(1,177,945)**	(2,567,869)
Non-controlling interests		**(83,189)**	(58,355)
		(1,261,134)	(2,626,224)
		Cents	Cents
(Loss)/Profit per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic profit/(loss) per share	33	(0.42)	(0.88)
Diluted profit/(loss) per share	33	(0.42)	(0.88)
(Loss)/Profit per share attributable to the ordinary equity holders of the Company:			
Basic (loss)/profit per share	33	(0.42)	(0.88)
Diluted (loss)/profit per share	33	(0.42)	(0.88)

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

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	Consolidated 2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**1,747,861**	3,402,821
Trade and other receivables	10	**189,518**	100,017
Cash on Deposit - Environmental bonds	11	**-**	40,000
Inventories	12	**194,520**	27,509
Total current assets		**2,131,899**	3,570,347
Non current assets			
Trade and other receivables		**-**	-
Other financial assets	13	**42,200**	205,100
Plant and equipment	14	**294,587**	501,100
Intangible assets	15	**1,318,845**	10,000
Total non current assets		**1,655,632**	716,200
Total assets		**3,787,531**	4,286,547
LIABILITIES			
Current liabilities			
Trade and other payables	16	**336,867**	144,932
Loans and borrowings	17	**137,593**	-
Provisions	18	**112,732**	98,647
Total current liabilities		**587,192**	243,579
Non current liabilities			
Trade and other payables		**-**	-
Loans and borrowings	19	**64,774**	-
Deferred tax liability	8	**83,647**	-
Total non current liabilities		**148,421**	-
Total liabilities		**735,613**	243,579
Net assets		**3,051,918**	4,042,968
EQUITY			
Contributed equity	20	**71,641,977**	71,641,977
Reserves	22	**2,624,037**	2,624,037
Accumulated losses	23	**(71,401,953)**	(70,224,008)
Total equity attributable to equity holders of the Company		**2,864,061**	4,042,006
Outside equity interest	24	**187,857**	962
Total equity		**3,051,918**	4,042,968

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated	Share Capital	Reserves	Accumulated Losses	Non Controlling Interest	Total
	$	$	$	$	$
Balance at 1 July 2012	71,641,977	2,624,037	(67,656,139)	59,317	6,669,192
Comprehensive income					
Loss after income tax expense for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Balance at 30 June 2013	71,641,977	2,624,037	(70,224,008)	962	4,042,968
Balance at 1 July 2013	**71,641,977**	**2,624,037**	**(70,224,008)**	**962**	**4,042,968**
Comprehensive income					
Loss after income tax expense for the year	**-**	**-**	**(1,177,945)**	**(83,189)**	**(1,261,134)**
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	**(1,177,945)**	**(83,189)**	**(1,261,134)**
Changes in ownership interests					
Acquisition of subsidiary with non-controlling interest	**-**	**-**	**-**	**270,084**	**270,084**
Balance at 30 June 2014	**71,641,977**	**2,624,037**	**(71,401,953)**	**187,857**	**3,051,918**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		**913,875**	758,165
Payments to suppliers and employees		**(1,813,794)**	(2,282,506)
Interest paid		**(8,716)**	(3,535)
Interest received		**84,042**	174,863
R&D tax offset received		**129,478**	497,859
Other receipts		**60,505**	26,445
Net cash (outflows)/inflows from operating activities	35	**(634,610)**	(828,709)
Cash flows from investing activities			
Payment for acquisition of business		**(1,300,100)**	-
Payments for plant and equipment		**(83,324)**	-
Proceeds from security deposits refunded		**79,539**	2,821,589
Proceeds from sale or disposal of property, plant & equipment		**138,520**	10,000
Net cash (outflows)/inflows from investing activities		**(1,165,365)**	2,831,589
Cash flows from financing activities			
Proceeds from borrowings		**183,325**	-
Repayment of borrowing		**(41,494)**	-
Net cash inflows from financing activities		**141,831**	-
Net (decrease)/increase in cash and cash equivalents		**(1,658,144)**	2,002,880
Net cash acquired		**3,184**	-
Cash and cash equivalents at the beginning of the financial year		**3,402,821**	1,399,941
Cash and cash equivalents at end of year	9	**1,747,861**	3,402,821

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

Notes to the Financial Statements 30 June 2014

1 Summary of significant accounting policies

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (IFRS)
The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

Critical accounting estimates
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving either a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below and in note 3.

Going concern statements
The financial report has been prepared on a going concern basis. The Directors consider the Group has adequate funding and therefore, no adjustments have been made to the financial report that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

Significant accounting policies

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

The Company has adopted relevant new and revised accounting standards and pronouncements with no material impact.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

(b) Borrowing costs
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(c) Cash and cash equivalents
For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and term deposits held with financial institutions.

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

(e) Employee benefits
(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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

(iii) Share based payments
Share based compensation benefits are provided to employees via the Intec Option Plan. Information relating to the plan is set out in note 34.

The fair value of options granted under the Intec Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using share option valuation models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

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

(f) Research and development expenditure
Research and development expenditure comprises costs which are directly attributable to:
- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

Research and development expenditure may also includes costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

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

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

(h) Financial instruments
(i) Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

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

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

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

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

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(iii) Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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

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

(v) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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

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

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

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

– the likelihood of the guaranteed party defaulting in a year period;

– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposed if the guaranteed party were to default.

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

(i) Foreign currency translation

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(k) Impairment of assets
In respect of non-current assets, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognised to the extent that carrying amounts exceed recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

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

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

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

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

(ii) Intangible Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Income tax

The income tax expense or revenue for the period is the tax payable in the current period's taxable income based on the Australian income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses or to the extent that they will be offset by deferred income tax liabilities which will reverse in the same periods.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Intec Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2008. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(m) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;
ii. any non-controlling interest; and
iii. the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 4 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

(n) Intangible assets other than Goodwill

Trademarks and IP are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful lives of 10 years.

(0) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The methods used to assign costs to inventories are actual invoiced costs.

(p) Investments

Non-current investments in subsidiaries are measured on the cost basis. The carrying amount of non current investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as finance leases (Note 27b). Payments made under finance leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

(r) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(s) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of items of plant and equipment are credited, net of tax, to the asset revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the statement of profit or loss and other comprehensive income, the increase is first recognised in the statement of profit or loss and other comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Depreciation on assets is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(t) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Intec Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(u) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(v) Provisions

(i) General

Provisions for legal claims are recognised when:

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

Provisions are not recognised for future operating losses.

(ii) Provisions for close down and restoration and for environmental cleanup costs

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

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

(w) Revenue and other income recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of treatment charges, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sales of goods and disposal of assets

Income from sales of goods and disposal of other assets is recognised when the Group has passed control of the goods or other assets to the buyer.

(ii) Interest revenue

Interest revenue is recognised on an accrual basis, taking into account the interest rates applicable to financial assets.

(iii) Consulting services and treatment fees

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

(iv) Other income

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

(v) General

All revenue is stated net of goods and services tax (GST).

(x) Segment reporting

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

(y) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(z) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of reporting period but not distributed at the end of the reporting period.

(ab) New Accounting Standards and interpretations

The Group has reviewed all Australian Accounting Standards and Interpretations that have recently been either issued or amended but are not yet mandatory and confirms that none have a material effect on the financial statements of the Group.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk, liquidity risk and commodity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by company management and the Board of Directors. Financial risks are identified and evaluated and, where considered necessary, strategies are put in place to investigate and/or minimise such risks. For additional discussion of the Group's financial risks, refer to Note 28.

(a) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Currency protection measures may be deemed appropriate in specific commercial circumstances and are subject to strict limits laid down by the Board. The Group has not entered into any foreign currency hedging contracts during the year. The Group has a trade finance facility utilised for the purchase of US$ denominated invoices. Purchases through the facility are transacted at the prevailing spot A$/US$ exchange rate and the outstanding amount under the facility is always denominated in A$.

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

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities. (Refer note 28(c)(ii)).

(d) Cash flow and fair value interest rate risk
The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

(e) Commodity price risk
The Group's normal policy is to sell its products at prevailing market prices. Exceptions to this rule are subject to strict limits laid down by the Board. The Group has not entered into any commodity price hedging contracts during the year.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows as set out in note 15.

Income taxes
The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future

taxable amounts will be available to utilise those temporary differences and losses or to the extent that they will be offset by deferred income tax liabilities which will reverse in the same periods.

4 Business combination

On 26 November 2013, the Group acquired 50% of the issued capital of Science Developments Pty Ltd, a company that manufacturers chemicals for use in waste water treatment, for a purchase consideration of $1,300,100. The acquisition is part of the Group's overall strategy to expand its interests in the treatment of industrial waste. The purchase was satisfied by the payment of $1,300,100.

	Fair Value
	$
Purchase Consideration:	
- Cash	1,300,100
- Non – Controlling Interest	270,083
	1,570,183
Less:	
Cash	3,185
Receivables (i)	231,077
Inventories	302,361
Property, plant and equipment	117,176
Trademarks (iii)	296,100
Trade Payables	(277,403)
Deferred tax liability	(132,330)
Identifiable assets acquired and liabilities assumed	540,166
Goodwill (ii)	1,030,017
Purchase consideration settled in cash	1,300,100
Cash outflow on acquisition, net of cash acquired	1,296,915

(i) The Directors believe the receivables are fully recoverable and no provision for impairment is required.

(ii) The goodwill is attributed to the competitive position of SciDev's product portfolio in wastewater treatment. No amount of goodwill is deductible for tax purposes.

(iii) Trademarks valued at $296,100 are being amortised over ten years and amortisation of $17,272 has been recognised from the date of acquisition to 30 June 2014.

5 Segment information

(a) Geographical segments

The Group operates in primarily one geographical segment, namely Australia.

(b) Business segments

The Group's primary business segment is the treatment of industrial waste including the manufacture and supply of chemicals for the treatment of waste water.

(c) Major customers

Lion Diary & Drinks Limited
Automotive Components Limited (Receivers & Managers Appointed)(In Liquidation)

6 Revenue from continuing operations

	Consolidated	
	2014	2013
	$	$
Sales revenue		
Treatment fees & product sales	**911,740**	308,315
	911,740	308,315
Other revenue		
Interest received	**80,204**	172,248
Government subsidies	**129,478**	524,304
Net gain on disposal of plant and equipment	**89,561**	10,000
Sundry income	**70,457**	50,986
	369,700	757,538
Total revenue	**1,281,439**	1,065,853

7 Expenses

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

	Consolidated	
	2014	2013
Depreciation	**$**	$
Plant and equipment	**66,802**	118,360
Office furniture and equipment	**2,146**	8,298
Burnie Research Facility	**293,948**	707,522
Amortisation	**17,272**	-
Total depreciation recognised in statement of comprehensive income	**380,168**	834,180
Finance costs		
Interest and finance charges paid/payable – others	**8,716**	3,177
Foreign exchange (gains)/losses	**-**	-
Occupancy expense	**135,471**	227,646
(Recouped) environmental bond	**-**	(121,230)
Impairments expense	**162,900**	872,977
Research and development expense	**-**	10,133

8 Income tax (benefit)/expense

	Consolidated	
	2014	2013
	$	$
(a) The components of income tax (benefit)/expense comprise		
Current tax	**(322,340)**	-
Deferred tax	**(72,434)**	(548,558)
Deferred tax not recognised	**324,373**	548,558
Income tax (benefit)/expense	**70,401**	-

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

Profit/(loss) from operations before income tax (benefit)/expense	**1,331,535**	(2,626,224)
Tax at the Australian tax rate of 30% (2013 - 30%)	**(399,461)**	(787,867)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences	**4,686**	298,345
Tax losses not recognised/(recouped)	**300,621**	548,558
Temporary differences not recognised	**23,753**	(59,036)
Under/over provision of income tax	**-**	-
Income tax (benefit)/expense	**(70,401)**	-
Unused tax losses for which no deferred tax asset has been recognised	**63,359,787**	62,632,521
Potential tax benefit @ 30% (2013 – 30%)	**19,007,936**	18,789,756

All unused tax losses were incurred by Australian entities.

The benefit for tax losses will only be obtained if:

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

(ii) the Group complies with the conditions for deductibility imposed by the tax legislation; and

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

In addition, the availability of certain tax losses is subject to the Group successfully establishing deductibility, and in particular, satisfying the continuity of ownership test and the same business test.

(c) Deferred Tax Liability

The deferred tax liability of $83,647 relates to the brand name acquired on acquisition of Science Developments Pty Ltd net of amortisation expense.

(d) Tax consolidation legislation

The Company and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation with effect from 1 July 2008.

9 Current assets - cash and cash equivalents

	Consolidated	
	2014	2013
	$	$
Cash at bank and on hand	**1,747,861**	3,402,821
	1,747,861	3,402,821

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

(b) Cash at bank and on hand

These are interest bearing at interest rates between 2.45% and 3.50% (2013 – 2.70% and 3.95%).

10 Current assets - trade and other receivables

	Consolidated	
	2014	2013
	$	$
Trade debtors	**129,563**	-
Lease security deposit	**-**	39,539
Other receivables	**22,753**	26,591
Prepayments	**11,634**	33,887
Income tax receivable	**25,568**	-
	189,518	100,017

(a) Provision for impairment of receivables

Current trade and other receivables are generally on 30-day terms. Non-current trade and other receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. These amounts have been included in the other expenses item.

(b) Credit Risk — trade and other receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note.

The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has no significant credit risk exposure. The Group does not hold any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

2014	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
			< 30	31-60	61-90	> 90	
	$	$	$	$	$	$	$
Trade debtors	**129,563**	-	**106,612**	**17,589**	**5,362**	-	**129,563**
Lease security deposit	**-**	-	-	-	-	-	**-**
Other receivables	**22,753**	-	-	-	-	-	**22,753**
Income tax receivable	**25,568**	-	-	-	-	-	**25,568**
Prepayments	**11,634**	-	-	-	-	-	**11,634**
Total	**189,518**	**-**	**106,612**	**17,589**	**5,362**	**-**	**189,518**

2013	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
			< 30	31-60	61-90	> 90	
	$	$	$	$	$	$	$
Trade debtors	101,200	101,200	-	-	-	-	-
Lease security deposit	39,539	-	-	-	-	-	39,539
Other receivables	26,591	-	-	-	-	-	26,591
Prepayments	-	-	-	-	-	-	-
Total	167,330	101,200	-	-	-	-	66,130

(c) Collateral held as security and pledged

There is no trade debtor or other receivable amounts where collateral has been received as security or pledged.

(d) Financial assets classified as loans and receivables

	Note	Consolidated	
		2014	**2013**
		$	**$**
Trade Debtors	**10**	**129,563**	**-**
Lease security deposit	**10**	**-**	39,539
Other receivables	**10**	**22,753**	26,591
		152,316	66,130

11 Current assets – Cash on Deposit - Environmental bonds

	Consolidated	
	2014	**2013**
	$	**$**
Cash on Deposit - Environmental bonds	**-**	40,000
	-	40,000

12 Current assets - Inventories at cost

	Consolidated	
	2014	**2013**
	$	$
Stock on hand – Chemicals at cost	**9,110**	27,509
Spares and reagents – finished goods	**185,410**	-
	194,520	27,509

13 Non current assets - other financial assets

	Consolidated	
	2014	2013
Financial assets available for sale	**$**	$
Shares in listed companies, at market value	**39,300**	202,200
Shares in unlisted companies, at cost	**2,900**	2,900
	42,200	205,100

The closing market price at 30 June 2014 of BSM shares and BSM options was 0.2 cents and 0.1 cents respectively; valuing the Group's BSM holdings at $39,300 (18.1 million shares at 0.2 cents/share and 3.1 million options at 0.1 cents/option). An impairments expense of $162,900 was raised against the BSM prior year fair value of $202,200. This was the only movement during the year.

14 Non current assets - Plant and equipment

Consolidated **Year ended 30 June 2013**	**Office equipment** **$**	**Plant and equipment** **$**	**Burnie Research Facility** **$**	**Total** **$**
Movement in carrying amounts				
Opening net book amount	5,429	322,329	1,713,099	2,040,857
Additions	-	1,456	-	1,456
Disposals	-	(1,444)	-	(1,444)
Impairment	-	-	(705,590)	(705,590)
Depreciation charge	(2,152)	(124,506)	(707,522)	(834,180)
Closing net book amount at 30 June 2013	3,277	197,835	299,987	501,100
Cost or fair value	7,953	372,661	6,287,620	6,668,234
Accumulated depreciation	(4,675)	(174,826)	(5,282,043)	(5,461,544)
Impairment	-	-	(705,590)	(705,590)
Net book amount	3,278	197,835	299,987	501,100
Year ended 30 June 2014				
Movement in carrying amounts				
Opening net book amount	**3,278**	**197,835**	**299,987**	**501,100**
Additions through business combinations (note 4)	**6,997**	**110,179**	**-**	**117,176**
Additions	**-**	**85,245**	**-**	**85,245**
Disposals	**-**	**(39,999)**	**(6,039)**	**(46,038)**
Depreciation charge	**(2,146)**	**(66,802)**	**(293,948)**	**(362,896)**
Closing net book amount at 30 June 2014	**8,129**	**286,458**	**-**	**294,587**
Cost or fair value	**32,796**	**584,392**	**5,928,365**	**6,545,553**
Accumulated Depreciation	**(24,667)**	**(297,934)**	**(5,928,365)**	**(6,250,966)**
Net book amount	**8,129**	**286,458**	**-**	**294,587**

15 Non current assets - Intangible assets

	Consolidated	
	2014 **$**	**2013** **$**
Intellectual property – Patents: Year ended 30 June		
Opening net book amount	**10,000**	10,000
Closing net book amount at 30 June	**10,000**	10,000
Identified intangibles – Trademarks and IP: Year ended 30 June		
Acquired during the year	**296,100**	-
Amortisation of trademarks	**(17,272)**	-
Closing net book amount at 30 June	**278,827**	-
Goodwill on consolidation: Year ended 30 June		
Acquired during the year	**1,030,018**	-
Closing net book amount at 30 June	**1,030,018**	-
Total closing net book amount at 30 June	**1,318,845**	10,000

The recoverable amount of goodwill has been determined by a value-in-use calculation using a discounted cashflow model based on a 5 year projection. The final 4 of those years are based on an extrapolation of the prepared budget for year 1. Key assumptions in the discounted cashflow model include:

a. Post-tax discount rate of 10% per annum;
b. Revenue growth of 41% in 2015, 91% in 2016 reducing to 15% in 2018;
c. Average per annum increase in operating expenses of 13%.

The recoverable amount of goodwill calculated as described above exceeded the amount detailed in this note.

16 Current liabilities – Trade and other payables

	Consolidated 2014 $	2013 $
Unsecured liabilities		
Trade payables	**201,249**	119,294
Payables – related parties	**100,000**	-
Other payables	**-**	-
Employee entitlements	**35,618**	25,638
	336,867	144,932
Less employee entitlements	**(35,618)**	(25,638)
Total financial liabilities	**301,249**	119,294

17 Current liabilities - Loans and Borrowings

	2014 $	2013 $
Lease – Liability	**8,565**	-
Trade Creditor short term finance	**115,662**	-
Hire Purchase liability	**13,366**	-
	137,593	-

18 Current liabilities – Provisions

	Consolidated 2014 $	2013 $
(a) Balances		
Long Service Leave	**112,732**	98,647
	112,732	98,647
(b) Movement in provision		
Provision for long service leave		
Balance 1 July 2013	**98,647**	142,427
Net movement	**14,085**	(43,780)
Balance 30 June 2014	**112,732**	98,647

(c) Nature and purpose of provision

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

19 Non-current liabilities - Loans and Borrowings

	Consolidated 2014 $	2013 $
Lease – Liability	**64,774**	-
	64,774	-

The lease liability relates to a finance lease for a motor vehicle provided to the Managing Director, the principal use of which is business. The lease liability is effectively secured over the motor vehicle.

20 Contributed equity

(a) Share capital

	Notes	2014 Shares	2013 Shares
Ordinary shares	(b)(c)	**299,818,669**	299,818,669
Total contributed equity		**299,818,669**	299,818,669

(b) Movements in ordinary share capital

2014	Details	Number of shares	Issue price (cents)	$
30-06-2013	Balance at beginning of year	299,818,669	-	71,641,977
	Shares issued during the year	-	-	-
30-06-2014	**Balance at end of year**	**299,818,669**		**71,641,977**

2013				
30-06-2012	Balance at beginning of year	299,818,669	-	71,641,977
	Shares issued during the year	-	-	-
30-06-2013	**Balance at end of year**	**299,818,669**		**71,641,977**

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

(d) Options
Information relating to the Intec Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Notes 21 and 34.

(e) Capital Management
Management controls the capital of the Group in order to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The quantitative data the Group assesses as capital is $3,051,918 which is consistent with the net assets of the Group (2013: $4,042,967).

21 Options

2014

Issue Date	Expiry Date	Exercise Price	Balance at 30 June 2013	Granted during year	Lapsed during year	Exercised during year	Vested & exercisable as at 30 June 2014
09-12-2011	21-11-2016	$0.0300	3,900,000	-	600,000	-	3,300,000
Total Options on issue			3,900,000	-	600,000	-	3,300,000

2013

Issue Date	Expiry Date	Exercise Price	Balance at 30 June 2012	Granted during year	Lapsed during year	Exercised during year	Vested & exercisable as at 30 June 2013
09-12-2011	21-11-2016	$0.0300	6,100,000	-	2,200,000	-	3,900,000
14-11-2007	25-09-2012	$0.1413	202,500	-	202,500	-	-
31-01-2008	25-09-2012	$0.1413	165,000	-	165,000	-	-
Total Options on issue			6,467,500	-	2,567,500	-	3,900,000

All options have been issued pursuant to the Intec Option Plan (Refer Note 34).

22 Reserves

	Consolidated 2014 $	2013 $
(a) Reserves		
Share-based payments reserve	**2,624,037**	2,624,037
	2,624,037	2,624,037
(b) Movements		
Share-based payments reserve		
Balance 1 July	**2,624,037**	2,624,037
Options expense	**-**	-
Total reserves	**2,624,037**	2,624,037

(c) Nature and purpose of reserves

Share based payments reserve

The share based payments reserve records the value of options issued by the Company. In previous years, the value of options issued under the Intec Option Plan to directors, employees and consultants has been recognised as an employment expense in the statement of comprehensive income.

23 Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2014	2013
	$	$
Balance 1 July 2013	**(70,224,008)**	(67,656,139)
Net loss for the year	**(1,177,945)**	(2,567,869)
Balance 30 June 2014	**(71,401,953)**	(70,224,008)

24 Outside equity interest

	Consolidated	
	2014	2013
	$	$
Issued capital	**9,005**	1
Reserves	**101,575**	-
Retained earnings	**77,277**	961
Balance 30 June 2014	**187,857**	962

The non-controlling interest is a 50% (2013: 50%) equity holding in Intec International Projects Pty Ltd and a 50% (2013: 0%) equity holding in Science Developments Pty Ltd.

25 Key management personnel disclosures

(a) *Directors*

The following persons were Directors of the Company during the financial year:

(i) *Chairman – Non-executive*
T A Jones

(ii) *Executive Director*
K G Rodgers, Managing Director

(iii) *Non-executive Directors*
J R G Bell
D J Cronin

(b) *Other key management personnel*

The following person also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year: A J Randall, General Manager

(c) *Key management personnel compensation*

2014	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,444	-	-	-	6,424	-	75,868
J R G Bell [1]	24,038	-	-	-	2,224	-	26,262
D J Cronin [2]	25,000	16,750	-		2,312	-	44,062
Sub-total	**118,482**	**16,750**	**-**	**-**	**10,960**	**-**	**146,192**
Executive Directors							
K G Rodgers	215,000	-	5,443	-	19,887	-	240,330
Sub-total	**215,000**	**-**	**-**	**-**	**19,887**	**-**	**240,330**
KMP							
A J Randall	117,900	-	-	-	10,906	-	128,806
Sub-total	**117,900**	**-**	**-**	**-**	**10,906**	**-**	**128,806**
Total	**451,382**	**16,750**	**5,443**	**-**	**41,753**	**-**	**515,328**

3. Ceased to be a Non-executive Director on 27 November 2013.
4. Represents from 26 November 2013.

2013	**Short-term benefits**			**Termination benefits**	**Post-employment benefits**	**Share-based payment**	
Name	**Salary & fees $**	**Consulting Fees $**	**Non-monetary benefits $**		**Super-annuation $**	**Options $**	**Total $**
Non-executive Directors							
T A Jones Chairman	69,445	-	-	-	6,250	-	75,695
J R G Bell	53,419	-	-	-	4,808	-	58,227
Sub-total	**122,864**	**-**	**-**	**-**	**11,058**	**-**	**133,922**
Executive Director							
K G Rodgers	221,342	-	-	-	19,350	-	240,692
Sub-total	**221,342**	**-**	**-**	**-**	**19,350**	**-**	**240,692**
Other KMP							
D W Clark *	-	48,418	-	-	-	-	48,418
A J Randall	135,341	-	-	-	12,705	-	148,046
D L Sammut *	135,178	-	-	79,243	16,875	-	231,296
A R Tong *	93,369	-	-	116,145	15,549	-	225,063
Sub-total	**363,888**	**48,418**	**-**	**195,388**	**45,129**	**-**	**652,823**
Total	**708,094**	**48,418**	**-**	**195,388**	**75,537**	**-**	**1,027,437**

* Ceased employment or consultancy during the year ended 30 June 2013.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on pages 11 to 12.

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

2014 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	400,000	-	-	-	400,000	400,000
K G Rodgers	1,200,000	-	-	-	1,200,000	1,200,000
J R G Bell [1]	300,000	-	-	300,000	-	-
D J Cronin [2]	-	-	-	-	-	-
Other key management personnel of the Group						
A J Randall	400,000	-	-	-	400,000	400,000

1 Ceased to be a Director during the year ended 30 June 2014.
2 Represents from 26 November 2013.

2013 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Intec Ltd						
T A Jones	415,000	-	-	15,000	400,000	400,000
K G Rodgers	1,320,000	-	-	120,000	1,200,000	1,200,000
J R G Bell	330,000	-	-	30,000	300,000	300,000
Other key management personnel of the Group						
D W Clark *	400,000	-	-	400,000	-	-
A J Randall	430,000	-	-	30,000	400,000	400,000
D L Sammut *	1,050,000	-	-	50,000	1,000,000	1,000,000
A R Tong *	1,050,000	-	-	1,050,000	-	-

*Ceased employment or consultancy during the year ended 30 June 2013.

(iii) Share holdings

The number of shares in the company held at the end of the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	268,954	-	-	268,954
K G Rodgers	17,904,623	-	1,000,001	18,904,624
J R G Bell *	112,892	-	-	*
D J Cronin	-	-	2,000,000	2,000,000
Other key management personnel of the Group				
A J Randall	-	-	-	-

*Ceased to be a Director during the year ended 30 June 2014.

2013 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the Year**	**Balance at the end of the Year**
Ordinary shares				
Directors of Intec Ltd				
T A Jones	268,954	-	-	268,954
K G Rodgers	14,779,623	-	3,125,000	17,904,623
J R G Bell	112,892	-	-	112,892
Other key management personnel of the Group				
D W Clark *	10,000	-	-	*
A J Randall	-	-	-	-
D L Sammut *	49,561	-	-	*
A R Tong *	5,400	-	-	*

*Ceased employment or consultancy during the year ended 30 June 2013.

26 Contingencies

(a) Contingent assets

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

(b) Contingent liabilities

The parent entity and Group had no contingent liabilities at 30 June 2014 (2013- nil).

27 Commitments

(a) Capital commitments

There are no commitments for capital expenditure at the reporting date.

(b) Lease commitments

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

	Consolidated 2014	2013
	$	$
Commitments for minimum lease payments in relation to a non cancellable finance lease is payable are as follows:		
Within one year	**16,329**	-
Later than one year but not later than five years	**83,900**	-
Total commitment	**100,229**	-
Deduct future finance charges	**(26,890)**	-
Lease liability	**73,339**	-

The motor vehicle related finance lease has a written down value of $73,185 and the lease expires within five years. The terms of the lease provide for the Group to acquire the motor vehicle for an agreed residual value at the end of the lease period.

(c) Tenement commitments

There are no minimum annual expenditure requirements attached to the tenements held by the Group. Details of tenements held are shown in the Schedule of Tenements.

28 Financial instruments

(a) 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, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 and Note 2 to the financial statements.

(b) Categorisation of financial instruments

The Group and the parent entity hold the following financial instruments:

	Consolidated Carrying amount	
	2014	2013
Financial assets	**$**	$
Cash and cash equivalents (Note 9)	**1,747,861**	3,402,821
Receivables (Notes 10(d))	**152,316**	106,130
Other financial assets (Note 13)	**42,200**	205,100
	1,942,377	3,714,051
Financial liabilities		
Trade and Other Payables (Note 16)	**301,249**	119,294
Loans and borrowings (Notes 17 & 19)	**202,367**	-
	503,616	119,294

(c) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and cash flow and fair value interest rate risk. The Directors review and approve policies for managing each of these risks which are summarised below.

(i) Credit risk

The Group's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in a financial loss to the Group. Credit risk is monitored on a regular basis. Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. In addition, the Group does not engage in hedging of its financial assets.

The Group has policies in place to ensure that sales of product are made to customers with an appropriate credit history. There is limited credit risk on financial assets, excluding metal in concentrate debtors. Metal in concentrate debtors cause a concentration of credit risk as there is a small number of debtors and a low volume of high value sales. Exposure to individual customers or countries is limited to the amount of cash, short term deposits and receivables recognised at balance date and is minimised by using recognised financial intermediaries as counterparties and established letters of credit.

The Group does not hold either collateral as security or credit enhancements relating to any of its financial assets. As at the reporting date, there is no evidence to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

(ii) Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as and when they fall due. The Group generally settles financial obligations within thirty (30) days and in the event of a dispute make payments within thirty (30) days from the date of resolution.

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

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

Interest rate exposure and maturity analysis of financial assets

Consolidated			*Interest rate exposure*					
2014	*Weighted average effective interest rate* %	*Carrying amount*	*Fixed interest rate*	*Variable interest rate*	*Non-interest bearing*	*Nominal amount*	*Less than 12 months*	*1-5 years*
Cash and cash equivalents	**3.26**	**1,747,861**	**-**	**1,747,861**	**-**	**-**	**1,747,861**	**-**
Receivables	**-**	**152,316**	**-**	**-**	**152,316**	**-**	**129,365**	**22,951**
Available for sale financial assets at cost, listed and unlisted investments	**-**	**42,200**	**-**	**-**	**42,200**	**-**	**42,200**	**-**
		1,942,377		**1,747,861**	**194,516**	**-**	**1,919,426**	**22,951**
Payables:								
Trade creditors & accruals	**-**	**301,249**	**-**	**-**	**301,249**	**-**	**301,249**	**-**
Loans and borrowings	**6.00**	**202,367**	**-**	**202,367**	**-**	**-**	**137,593**	**64,774**
		503,616		**202,367**	**301,249**	**-**	**438,842**	**64,774**

Consolidated			*Interest rate exposure*					
2013	*Weighted average effective interest rate* %	*Carrying amount*	*Fixed interest rate*	*Variable interest rate*	*Non-interest bearing*	*Nominal amount*	*Less than 12 months*	*1-5 years*
Cash and cash equivalents	3.7	3,402,821	-	3,402,821	-	-	3,402,821	-
Receivables	-	106,130	-	-	106,130	-	106,130	-
Available for sale financial assets at cost, unlisted investments	-	205,100	-	-	205,100	-	205,100	-
		3,714,051		3,402,821	311,230	-	3,714,051	-
Payables:								
Trade creditors & accruals	-	119,294	-	-	119,294	-	119,294	-
		119,294		-	119,294	-	119,294	-

(iii) Market risk

Foreign currency risk

At 30 June 2014, the Group had a number of invoices due in US$ (2013: nil) for which the Group has entered a trade finance facility which has locked in the liability to reduce the foreign currency risk. Purchases through the facility are transacted at the prevailing spot A$/US$ exchange rate and the outstanding amount under the facility is always denominated in A$.

(iv) Cash flow and Fair value interest rate risk

The Group's statement of comprehensive income is affected by changes in interest rates due to the impact of such changes on interest income and interest expense from bank balances. The Group's policy is to obtain the most favourable interest rates available. The Group has not used any derivatives to mitigate its interest rate risk exposure. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 June 2014 if interest rates had moved, as illustrated in the table below, with all other variables held constant, the affect to post tax profit and equity is listed as follows:

Sensitivity disclosure analysis

	Post Tax Profit Higher/(Lower)		**Equity Higher/(Lower)**	
Consolidated	**2014**	2013	**2014**	2013
	$	$	**$**	$
+1% (100 Basis points)	**16,762**	34,028	**16,762**	34,028
-.5% (50 Basis points)	**(8,381)**	(17,014)	**(8,381)**	(17,014)

(d) Fair value

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

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

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

Financial Instruments Measured at Fair Value

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

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

	Level 1 $	Level 2 $	Level 3 $	Total $
2014				
Financial assets				
Available for sale financial assets				
- listed investments	**39,300**	**-**	**-**	**39,300**
- unlisted investments	**-**	**2,900**	**-**	**2,900**
	39,300	**2,900**	**-**	**42,200**

	Level 1 $	Level 2 $	Level 3 $	Total $
2013				
Financial assets				
Available for sale financial assets				
- listed investments	**202,200**	**-**	**-**	**202,200**
- unlisted investments	**-**	**2,900**	**-**	**2,900**
	202,200	**2,900**	**-**	**205,100**

Assets available for sale are measured at fair value on a recurring basis. There were no transfers between levels during the year ended 30 June 2014.

29 Related party transactions

(a) Parent entities

The parent entity within the Group is Intec Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 31.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 25. There were no outstanding loans with key management personnel.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2014 $	2013 $
(i) Contract fees		
The parent company, Intec Ltd, as subcontractor, charged fees to its 50% owned subsidiary, Intec International Projects Pty Ltd (IIP), which is the contractor for the IRC Project.	**-**	199,645

During the prior year Intec passed on costs of $98,445 to IIP. Also during the prior year Intec invoiced IIP in relation to the IRC project, this invoice was later reversed, the fee component of this invoice was $101,200.

(ii) Transaction with subsidiary

The parent company, Intec Ltd, provided an unsecured loan, on commercial terms, to its 50% owned subsidiary Science Developments Pty Ltd.	**50,000**	-

(iii) Mr Reza Maghzian

Mr Reza Maghzian, a director and 50% shareholder of Intec International Projects Pty Ltd paid Intec Ltd $63,195 for the transfer of certain patents to Intec International Projects Pty Ltd and associated cross licensing of intellectual property between the two companies. Mr. Reza Maghzian also entered into an agreement to acquire, on or prior to 30 September 2014, Intec Ltd's 50% shareholding in Intec International Projects Pty Ltd for $50,000 and the granting of certain rights to Intec Ltd. At year end a balance of $50,000 was owing to Mr. Maghizan.

(iv) Mr Paul Pembroke and Mr Mark Wells

Mr Paul Pembroke and Mr Mark Wells, directors and shareholders of Science Developments Pty Ltd, both provided unsecured loans of $25,000 on commercial terms to Science Developments Pty Ltd. The balance outstanding at year end was $50,000.

(e) Loans to subsidiaries

	Consolidated	
	2014	2013
	$	$
Beginning of the year	**63,583,955**	62,487,875
Loans advanced/(received)	**(322,112)**	1,096,080
End of year	**63,261,843**	63,583,955
Less provision for doubtful debts	**(63,261,843)**	(63,583,955)
Carrying value at end of year	**-**	-
Movement in provision for doubtful debts		
Beginning of year	**63,583,955**	62,487,875
Provided during year	**(322,112)**	1,096,080
End of year	**63,261,834**	63,583,955

Provisions for doubtful debts have been raised in relation to outstanding balances, and an expense has been recognised in respect of debts due from subsidiaries, which may be considered doubtful based on the net assets of each subsidiary.

(f) Terms and conditions

All transactions were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of loans between the parties. However, the Directors determined the loans to be interest free from 1 July 2010, with the exception of the loan to Science Developments Pty Ltd, which bears an interest rate of 6.0%pa. All outstanding balances are unsecured and are repayable in cash.

30 Parent entity disclosures

(a) Financial position

	Consolidated	
	2014	2013
	$	$
Assets		
Current assets	**1,703,365**	3,486,598
Non current assets	**1,517,639**	208,819
Total assets	**3,221,004**	3,695,417
Liabilities		
Current liabilities	**247,063**	230,921
Non current liabilities	**64,774**	-
Total liabilities	**311,837**	230,921

Equity		
Issued capital	**71,948,494**	71,948,494
Accumulated losses	(71,621,354)	(73,297,125)
Reserves		
Option expense reserve	**2,532,029**	2,532,029
Asset revaluation reserve	**49,998**	-
Total equity	**2,909,168**	3,464,480

***(b)* Financial performance**

Profit/(Loss) for the year	**(605,312)**	2,281,082
Other comprehensive income	**-**	-
Total comprehensive loss	**(605,312)**	2,281,082

***(c)* Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**
There were no guarantees provided under the deed of cross guarantee with any subsidiary.

***(d)* Contingent liabilities of the parent entity**
There were no contingent liabilities of the parent entity at 30 June 2014.

***(e)* Commitments for the acquisition of property, plant and equipment by the parent entity**
There were no commitments for the acquisition of property, plant and equipment by the parent entity at 30 June 2014.

31 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(s).

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**	
			2014	2013
Investments held by Intec Ltd			**%**	%
Intec Copper Pty Ltd	Australia	Ordinary	**100**	100
Intec Envirometals Pty Ltd	Australia	Ordinary	**100**	100
Science Developments Pty Ltd	Australia	Various	**50**	-
Intec International Projects Pty Ltd	Australia	Ordinary	**50**	50
Intec Metals Recycling Pty Ltd (de-registered 01/08/2012)	Australia	Ordinary	**100**	100
Investments held by Intec Envirometals Pty Ltd				
Intec Zeehan Residues Pty Ltd (formerly Encore Metals NL)	Australia	Ordinary	**100**	100

Intec Ltd has the power to govern the financial and operating policies of Science Developments Pty Ltd and Intec International Projects Pty Ltd so as to obtain benefits from its activities.

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

	2014[1]
	$
Assets	
Current assets	**396,378**
Non current assets	**105,661**
Total assets	**502,039**
Liabilities	
Current liabilities	**323,302**
Non current liabilities	**-**
Total liabilities	**323,302**
Net Assets	**178,737**
Summarised statement of profit or loss and other comprehensive income	
(Loss) /Profit before income tax expense	**(74,379)**
Income tax benefit	**21,719**
(Loss)/Profit after income tax expense	**(52,660)**

Other comprehensive income	**-**
Total comprehensive income	**(52,660)**
Statement of cashflows	
Net cash from operating activities	**1,532**
Net cash used in investing activities	**-**
Net cash from financing activities	**61,863**
Net increase/decrease in cash and cash equivalents	**63,395**
Other financial information	
(Loss)/Profit attributable to non-controlling interests	**(26,330)**
Accumulated non-controlling interests at end of reporting period	**186, 957**

1. From 26 November 2013 when subsidiary was acquired.

32 Events occurring after the reporting date

Subsequent to financial year end, the Group approved and commenced the decommissioning of the Burnie Research Facility. It is expected that the financial cost of decommissioning will be offset by treatment fees and the sale of plant and equipment.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected or may significantly affect the consolidated entities operations, the results of these operations, or the consolidated entities state of affairs in future financial years.

These financial statements were authorised by the Board of Directors on 30 September 2014.

33 Profit/(loss) per share

	Consolidated	
	2014	2013
	Cents	Cents
(a) Basic profit/(loss) per share		
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of the company	**(0.42)**	(0.88)
(b) Diluted profit/(loss) per share		
Diluted profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the company	**(0.42)**	(0.88)
(c) Reconciliations of profit/(loss) used in calculating earnings per share		
Basic profit/(loss) per share		
Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating basic profit/(loss) per share from continuing operations	**(1,261,134)**	(2,626,224)
	(1,261,134)	(2,626,224)
Diluted profit/(loss) per share		
Diluted profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic profit/(loss) per share from continuing operations	**(1,261,134)**	(2,626,224)
	(1,261,134)	(2,626,224)

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

	2014	2013
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	**299,818,669**	299,818,669
Weighted average number of ordinary shares used as the denominator in calculating diluted profit/(loss) per share	**303,118,669**	303,718,669

(e) Information concerning the classification of securities

Diluted profit/(loss) per share
In the 2013 comparative financial year, potential ordinary shares being the balance of options granted at balance date are not considered dilutive as the conversion of these components to equity would result in a decrease in the net loss per share.

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

34 Share based payments

Employee option plan
The establishment of the Intec Option Plan was approved by shareholders at the 2001 Annual General Meeting. All Directors, employees and consultants are eligible to participate in the Intec Option Plan.

Options are granted under the Intec Option Plan for no consideration. Options are granted for a five year period and vest immediately unless otherwise stated. Options granted under the Intec Option Plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of the options is the current market price on the date the options are granted as determined by the Board. The share based options are equity settled. Set out below are summaries of options granted under the plan and which have not lapsed:

Grant date	**Expiry date**	**Exercise price**	**Value per option at grant date**	**Date exercisable**
9 December 2011	21 November 2016	$0.03	$0.0122	9 December 2011

The number of options on issue at 30 June 2014 is 3,300,000 (2013: 3,900,000).

The weighted average share price at the date of options exercised during the year ended 30 June 2014 was $Nil (2013 – $Nil) as no options were exercised. The weighted average remaining contractual life of share options outstanding at the end of the period was 2.33 years (2013 – 3.33 years).

The assessed fair value at grant date of options granted under the Intec Option Plan is allocated equally over the period from grant date to vesting date, and the amount is included in remuneration. Fair values at grant date are independently determined using option valuation models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. No employee options were granted during the year ending 30 June 2014 (2013 - Nil) as shown in Notes 21 and 25.
Shares provided on exercise of remuneration options
No ordinary shares (2013 - Nil) in the Company were provided as a result of the exercise of remuneration options to Directors. Accordingly, there were no expenses arising from share based payment transactions recognised in the statement of comprehensive income.

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

	Consolidated	
	2014	2013
	$	$
Operating profit/(loss) after income tax	**(1,261,134)**	(2,626,224)
Non cash items and non operating cash flows included in statement of comprehensive income		
Administration expenses	**38,119**	150,463
Depreciation and amortisation	**380,168**	834,180
(Recouped)/expensed environmental bond	**-**	(2,821,589)
Impairments expense	**162,900**	771,777
Sale of non-current assets	**(89,561)**	-
Fair value movement on inventory	**145,000**	-
Deferred tax liability on acquisition	**(132,330)**	-
Changes in assets and liabilities		
Decrease/(increase) in receivables	**66,001**	444,819
Decrease/(increase) in environmental bonds	**-**	2,700,000
Decrease/(increase) in inventories	**(9,650)**	5,260
Increase/(decrease) in trade creditors	**(14,798)**	(163,133)
Increase/(decrease) in provisions	**(2,973)**	(121,230)
Increase/(decrease) in deferred tax liability	**83,648**	-
Net cash (outflows)/inflows from operating activities	**(634,610)**	(828,709)

There was an acquisition of a motor vehicle by means of a finance lease for $76,696.

36 Auditor's remuneration

	Consolidated 2014	2013
Assurance services		
a. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*		
Crowe Horwath Sydney	**71,000**	51,500
Total remuneration for audit services	**71,000**	51,500
b. Non audit services		
Tax compliance services, including review of company income tax returns	**-**	-
Total remuneration for non audit services	**-**	-

37 Company details

The registered office and principal place of business is Level 3, 100 Mount Street, North Sydney NSW 2060.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 15 to 45 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the remuneration disclosures set out on pages 9 to 12 of the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations; and

(d) The financial statements comply with International Financial Reporting Standards as described in Note 1 to the financial statements; and

(e) The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Kieran Rodgers
Managing Director

Sydney
30 September 2014

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Intec Ltd and Controlled Entities

Independent Auditor's Report to the Members of Intec Ltd

Report on the Financial Report

We have audited the accompanying financial report of Intec Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement* that the financial statement comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of Intec Ltd 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 2014

   (ii) and of its performance for the year ended on that date; and

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

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

Report on Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2014. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Intec Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001.*

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Partner

Dated this 30th day of September 2014

Schedule of Tenements

At 30 June 2014 the Group held the following tenements:

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

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

RL11/1997: Mt Charter Retention Licence;
EL48/2003: Mt Block Exploration Licence;
EL24/2004: Bulgobac River Exploration Licence;
CML103M/1987: Hellyer Mine Lease; and
ML68M/1984: Que River Mine Lease.

Shareholder Information

The shareholder information set out below was applicable as at 22 September 2014.

A. Distribution of equity securities

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

	Class of equity security Ordinary shares	
	Number of shareholders	**Number of shares**
1 - 1,000	125	49,435
1,001 - 5,000	149	430,137
5,001 - 10,000	84	654,597
10,001 - 100,000	349	18,033,416
100,001 and over	266	280,651,084
	973	**299,818,669**

At the prevailing market price of shares $0.008 there were 297 shareholders with less than a marketable parcel of ordinary shares worth $500 (being 62,500 shares).

B. Equity security holders

The names of the twenty largest holders of quoted equity securities as at 22 September 2014 are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
Kieran Gregory Rodgers & Patricia Marie Rodgers	20,004,624	6.672
Kathleen Frances Watt	18,416,667	6.143
Donald Alexander Bell & Lexie Ann Bell	15,000,000	5.003
Martin Edward Meyer	14,666,667	4.892
Noel Alexander Adam	14,666,667	4.892
Longwin Capital Finance Ltd	14,666,667	4.892
Stuart Andrew Spiteri	12,121,904	4.043
Paul Michael Butcher	11,322,828	3.777
Markham Hanna & Rita Hanna <Hanna & Co P/L Super A/C>	11,270,000	3.759
JP Morgan Nominees Australia Limited	6,999,025	2.334
Warinco Services Pty Limited <Waring Super Fund A/C>	4,122,500	1.375
Orian Holding Corp	4,117,484	1.373
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	4,011,983	1.338
Zygmund Wolski & Nola Wolski <The Wolski Super Funs A/C>	3,809,517	1.271
Ianaki Semerdziev	3,500,000	1.167
Makram Hanna	3,176,000	1.059
UBS Wealth Management Australia Nominees Pty Ltd	3,100,000	1.034
Platypus Superannuation Pty Ltd <Platypus Super Fund A/C>	3,100,000	1.034
Rhett Anthony Morson	3,000,000	1.001
Ronnoc Developments Pty Ltd <Bryan Super Fund A/C>	2,410,000	0.804
Total of Top 20 Shareholdings	173,482,533	57.863
Other Shareholders	126,336,136	42.137
Total Ordinary Shares on Issue	299,818,669	100.000

C. Substantial holders

Substantial shareholders as at 18th September 2014 are listed below:

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

D. Voting rights

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

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

(b) Options
No voting rights.

E. Summary of options issued

	No. of options	No. of Holders	% Options Issued
Options expiring 21 November 2016 with an exercise price of $0.03	3,300,000	5	
Option holders with more than 20% of above class			
K G Rodgers	1,200,000		36.36%
D L Sammut	1,000,000		30.30%

These options are unquoted equity securities.

Corporate Governance Statement

Intec Ltd's Board of Directors is responsible for the Corporate Governance of the Company and its controlled entities. Corporate Governance is a matter of high importance to the Company, and is undertaken with due regard to all of Intec's stakeholders and its role in the community. The Board and its Corporate Governance Committee draw on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council's third edition of the publication, "Corporate Governance Principles and Recommendations", which was released in March 2014 and is referred to for guidance purposes. At a number of its meetings the Board examines the Company's Corporate Governance practices and the progress towards a review of its practices compared to those proposed by the ASX Corporate Governance Council. Unless explicitly stated otherwise, the Directors believe that the Company complies with the major principles and the underlying guidelines of the ASX, and is mindful that there may be some instances where compliance is not practicable for a company of Intec's size.

The Board has approved and adopted policies and charters with which Directors and management are required to comply, and which contain the information recommended by the ASX. These policies and charters can be found in the Corporate Governance Manual on the Company's website at www.intec.com.au under the section 'About Us – Corporate Governance'.

The table below sets out the Company's position relative to each of the eight principles contained in the ASX Corporate Governance Council's report. Where the Company has complied with the principles and recommendations during the reporting period a tick ☑ is indicated, and the relating information can be found in either the Corporate Governance Manual on the Company's website at www.intec.com.au under the section 'About Us – Corporate Governance' or in the Annual Report. Where the Company has failed to comply with a particular recommendation a cross ☒ is indicated and the Board's reasons are set out.

Note		Complied
Principle 1	**Lay solid foundations for management and oversight**	
Recommendation 1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☑
Recommendation 1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☑
Recommendation 1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☑
Recommendation 1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☑

Recommendation 1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	☒
Disclosure / Explanation for Departure	The measurable objectives for achieving gender diversity set by the Board and Corporate Governance Committee in accordance with the Company's Diversity Policy, and its progress towards achieving them, have not previously been disclosed, as at the end of each reporting period.	
Recommendation 1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	☒
Disclosure / Explanation for Departure	The Company has not, to-date, disclosed, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process, but intends to formally carry out an evaluation in the 2014-15 financial year.	
Recommendation 1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	☒
Disclosure / Explanation for Departure	The Company has not, to-date, disclosed, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process, but intends to formally carry out an evaluation in the 2014-15 financial year.	
Principle 2	**Structure the board to add value**	
Recommendation 2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☒
Disclosure /	Having regard to the size of the Company, the Board does	

Explanation for Departure	not have a separate Nomination Committee, but rather a combined Nomination and Remuneration Committee. This Committee does not comply with the recommendation of having at least three members, as it only has two, both of whom are independent Directors. The Chairman of the Committee is an independent Director and the charter of the Committee is disclosed in the Corporate Governance Manual of the Company's website.	
Recommendation 2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	☑
Recommendation 2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☑
Recommendation 2.4	A majority of the board of a listed entity should be independent directors.	☑
Recommendation 2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☑
Recommendation 2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	☑
Principle 3	**Act ethically and responsibly**	
Recommendation 3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	☑
Principle 4	**Safeguard integrity in corporate reporting**	
Recommendation 4.1	The board of a listed entity should: (a) have an audit committee, which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processing for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☒
Disclosure / Explanation for Departure	Having regard to the size of the Company, the Board does not comply with the recommendation of having at least three members, as it only has two, both of whom, being Don Cronin (Committee Chairman) and Trevor Jones, are Non-Executive and independent Directors. The Chairman of the Committee is an independent Director and the charter of the Committee is disclosed in the Corporate Governance Manual of the Company's website.	
Recommendation 4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion,	☑

	the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	
Recommendation 4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☑
Principle 5	**Make timely and balanced disclosure**	
Recommendation 5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	☑
Principle 6	**Respect the rights of security holders**	
Recommendation 6.1	A listed entity should provide information about itself and its governance to investors via its website.	☑
Recommendation 6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	☑
Recommendation 6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	☑
Recommendation 6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☑
Principle 7	**Recognise and manage risk**	
Recommendation 7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☒
Disclosure / Explanation for Departure	The Company does not have a separate committee that specifically oversees risk. It is the Board's role and responsibility to identify areas of significant business risk, and ensure that policies and procedures are in place to adequately manage those risks. Company and business risk factors are an agenda item at each Board meeting, and the Managing Director periodically reports to the Board on risk management, internal controls and the Company's insurance programme. The Audit Committee also provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's risk management systems.	
Recommendation 7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☑
Recommendation 7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it	☒

	performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	
Disclosure / Explanation for Departure	The Company does not have an internal audit function. The processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include: the review of its actual versus budget variances in revenue and expenses; and the periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.	
Recommendation 7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	☑
Principle 8	**Remunerate fairly and responsibly**	
Recommendation 8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☒
Disclosure / Explanation for Departure	Having regard to the size of the Company, the Board does not have a separate Remuneration Committee, but rather a combined Nomination and Remuneration Committee. This Committee does not comply with the recommendation of having at least three members, as it only has two, both of whom are independent Directors. The Chairman of the Committee is an independent Director and the charter of the Committee is disclosed in the Corporate Governance Manual of the Company's website.	
Recommendation 8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☑
Recommendation 8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☑

Diversity

The Company's Diversity Policy outlines the process by which the Board has set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company. In order to monitor the Company's performance, the Board has set measurable objectives in relation to all aspects of diversity. These objectives include procedural / structural objectives; initiatives and programmes and targets in respect of: the diversity of persons employed by (or who are consultants to) the Company; the diversity of persons on the Board; the nature of the roles in which persons are employed, including on full time, part time or contracted bases, and in leadership, management, professional speciality or supporting roles; and the participation of persons at different remuneration bands, each by reference to gender, age, ethnicity and cultural background. Subject to the size and operations of the Company, the Board is committed to the long-term goal of improving gender representation across all levels of the organisation. The Board assesses annually both the objectives and progress in achieving gender diversity. The proportion of women employees in the whole organisation is one out three (excluding the Board), there are no women in the two senior executive positions and there are no women on the three-member Board. The Board's measurable objectives for achieving gender diversity cannot be achieved based on the current size of the Company (two full-time employees and one part-time employee).

Securities Trading Policy
Directors, employees and key consultants of the Company may only deal in Intec's shares during 'window periods', as set out in the Company's Securities Trading Policy, and trading is approved by the Managing Director or the Chairman. However, Directors, employees and key consultants of the Company are prohibited from buying or selling Intec shares at any time if they are aware of price-sensitive information that has not been made public.

Corporate Directory

Directors

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

Company Secretary
Robert J Waring

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Sydney NSW 2001
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Patent Attorneys
Griffith Hack
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North Sydney NSW 2060 Australia

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

ASX CODE:INL

ABN: 25 001 150 849