

INTECQ Limited (formerly eBet Limited)

ABN : 59 056 210 774

**Appendix 4D - Half Year Report**

Half-Year Ending 31 December 2015
 Previous Corresponding Period 31 December 2014

Results for Announcement to the Market

	Consolidated Results		
	Dec 2015 \$'000's	Dec 2014 \$'000's	% Change
Revenue from operating activities	26,309	22,062	19.2%
Net profit before related income tax	3,852	2,101	83.3%
Net profit after related income tax	2,902	3,707	-21.7% *
Net profit after related income tax attributable to members of the parent entity	2,902	3,707	-21.7% *

Dividends

As reported in the 2015 Annual Report, the dividend of 14 cents per share (franked 25%) was paid 25 September 2015 (2014: 5.5 cents, 100% franked).

Brief explanation of any of the above necessary to enable the figures to be understood**Revenue:**

Strong revenue growth continued, increasing by 19.2% from \$22.1 to \$26.3 million. The company experienced improved revenues in both Systems and Operations up 29.7% and 13.9% respectively. This highlights the growth momentum and improved profitability of the company.

Profit before tax:

Profit before income tax increased by 83% from \$2.1 million to \$3.9 million, reflected by the group's increase in revenues and tight cost control.

*** Adjusted profit after tax:**

In relation to the profit after tax of \$2.9 million (2014: \$3.7 million) there was a substantial one-off adjustment in the previous comparative period (pcp) in relation to an income tax benefit brought to account from the recognition of previously unrecognised tax losses and R&D tax credits of \$1.8 million. The Adjusted profit after tax for the pcp after excluding the one-off substantial adjustment is \$1.9 million. Therefore this represents an increase in the Adjusted profit after tax for the half-year as compared to the pcp of \$1.0 million (54%).

Net Tangible Asset Backing

Net tangible asset / (liability) backing per ordinary security	1.22	0.84
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Other Information

	Dec 2015	Dec 2014
Control gained over entities having a material effect		
Flexinet Revenue	2,816	2,196
Astute Revenue	633	494
Loss of control over entities having a material effect		
Not applicable		
Dividend or distribution reinvestment plans		
Not applicable		
Details of associates & joint venture entities		
Name of group of entities:		
Gaming Solutions Pty Limited (ACN 125 503 853)		
Percentage held:	50%	50%
Share of profit (\$'000):	-	-
Audit status		
This Appendix 4D is based on the half-year financial report which has been reviewed by UHY Haines Norton.		

Signed By

Paul Oneile - Director & Chairman

23 February 2016



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INTECQ Limited

(formerly eBet Limited)

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Interim Report For the Half-Year ended 31 December 2015

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These financial statements do not include all the notes of the type normally included in an annual financial report. As such, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

INTECQ Limited (formerly eBet Limited)

Directors' Report for the half-year ended 31 December 2015

The Directors of INTECQ Limited present their report on the consolidated entity consisting of INTECQ Limited and its subsidiaries (the Group) for the half-year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Paul Oneile (Chairman)
Mr Anthony Toohey (Deputy Chairman)
Dr Kenneth Carr (resigned 6 November)
Mr Michael Hale
Mr Ian James
Dr Allan Sullivan

Operating Results

The profit of the company for the financial period before adjusting for income tax amounted to \$3.9 million (2014: \$2.1 million). Profit after tax for the financial period was \$2.9m (2014: \$3.7m). In relation to the profit after tax of \$2.9 million (2014: \$3.7 million) there was a substantial one-off adjustment in the previous comparative period (pcp) in relation to an income tax benefit brought to account from the recognition of previously unrecognised tax losses and R&D tax credits of \$1.8 million. The Adjusted profit after tax for the pcp after excluding the one-off substantial adjustment is \$1.9 million. Therefore this represents an increase in the Adjusted profit after tax for the half-year as compared to the pcp of \$1.0 million (54%).

Review of Operations

INTECQ Limited (Intecq) reported revenue for the Group of \$26.3 million for the half-year ended 31 December 2015 (2014: \$22.1 million), a consolidated profit before income tax of \$3.9 million (2014: \$2.1 million) and a profit after tax of \$2.9 million (2014: \$3.7 million).

The current period's profit before tax of \$3.9 million reflects a 83% increase compared to last year's operating profit before income tax of \$2.1 million. This result once again shows the company's improved profitability and growth momentum.

Net cash provided by operating activities was \$6.8 million (2014 : \$3.7 million) with a net cash outflow from investing activities of \$0.1 million, (2014: outflow of \$3.9 million). The reduced outflow from investing activities includes the receipt of cash term deposits classified as investments as at 30 June 2015. The net cash outflow from financing activities was \$2.9 million (2014 \$(5.2) million) and includes \$2.5 million of cash paid as a dividend to shareholders and the repayment of debt with a net reduction of \$0.4 million. The inflow recorded from financing activities in the prior period was due to the company share issue in July 2014.

Events Subsequent to Reporting Date

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may affect, the group's operations in the future financial years, the results of those operations or state of affairs in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2015.

Rounding

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Sign in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.



Paul Oneile
Director & Chairman

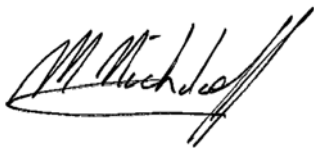
23 February 2016

**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

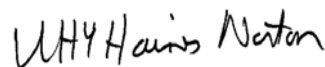
To the Directors of Intecq Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



M. D. Nicholaeff
Partner



UHY Haines Norton
Chartered Accountants

Sydney

23 February 2016

INTECQ Limited (formerly eBet Limited)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015

		Half-year	
		Dec 2015	Dec 2014
	Notes	\$000	\$000
Sales revenue	2	26,309	22,062
Cost of sales	3	(8,591)	(5,880)
Gross Profit		17,718	16,182
Other revenue	2	71	187
Consulting expenses		(372)	(400)
Depreciation and amortisation	3	(1,993)	(2,224)
Employee benefit expense		(8,182)	(8,028)
Occupancy expense		(700)	(669)
Sales related expenses		(694)	(502)
Other expenses		(2,138)	(2,535)
Results from operating activities		3,710	2,011
Financial income	4	194	123
Financial expense	4	(52)	(33)
Net financing income		142	90
Profit before income tax		3,852	2,101
Income tax (expense) / benefit		(950)	1,606
Profit after tax for the half-year		2,902	3,707
Other comprehensive income			
Other comprehensive income for the half-year		-	-
Total other comprehensive income for the half-year		2,902	3,707
Profit for the half-year attributable to members of the parent entity		2,902	3,707
Total comprehensive income attributable to members of the parent entity		2,902	3,707
EPS			
Basic earnings per share (cents per share)		16.46	21.40
Diluted earnings per share (cents per share)		16.46	20.07

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

INTECQ Limited (formerly eBet Limited)

Condensed Consolidated Statement of Financial Position as at 31 December 2015

	Notes	Dec 2015 \$000	Jun 2015 \$000
Current Assets			
Cash and cash equivalents		8,922	5,313
Financial Assets		-	2,391
Trade and other receivables		11,157	15,109
Inventories		9,551	8,865
Other current assets		533	540
<i>Total Current Assets</i>		<u>30,163</u>	<u>32,218</u>
Non-Current Assets			
Trade and other receivables		944	257
Property, plant and equipment		3,117	2,895
Deferred tax assets		2,552	3,335
Intangible assets		16,332	17,077
<i>Total Non-Current Assets</i>		<u>22,945</u>	<u>23,564</u>
Total Assets		<u>53,108</u>	<u>55,782</u>
Current Liabilities			
Trade and other payables		5,093	7,015
Borrowings		466	892
Provisions		2,040	2,081
Other current liabilities		4,534	4,408
Current tax payable		273	253
<i>Total Current Liabilities</i>		<u>12,406</u>	<u>14,649</u>
Non-Current Liabilities			
Trade and other payables		35	497
Borrowings		-	5
Provisions		244	381
Other non-current liabilities		20	296
<i>Total Non-Current Liabilities</i>		<u>299</u>	<u>1,179</u>
Total Liabilities		<u>12,705</u>	<u>15,828</u>
Net Assets		<u>40,403</u>	<u>39,954</u>
Equity			
Contributed equity	5	57,842	57,803
Reserves		325	349
Accumulated losses		(17,764)	(18,198)
Total Equity		<u>40,403</u>	<u>39,954</u>

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

INTECQ Limited (formerly eBet Limited)

Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2015

	Contributed Equity \$000	Accumulated Losses \$000	Dividend Reserve \$000	Option Reserve \$000	Share Based Payment Reserve \$000	Total \$000
Balance as at 1 July 2014	50,853	(27,412)	1	281	-	23,723
Profit after income tax expense for the half-year	-	3,707	-	-	-	3,707
Total comprehensive income for the half-year	-	3,707	-	-	-	3,707
<i>Transactions with owners in their capacity as owners:</i>						
Share Issue	8,007	-	-	-	-	8,007
Repayment of capital to Shareholders	(1,057)	-	-	-	-	(1,057)
Balance as at 31 December 2014	57,803	(23,705)	1	281	-	34,380
Balance as at 1 July 2015	57,803	(18,198)	-	-	349	39,954
Profit after income tax expense for the half-year	-	2,902	-	-	-	2,902
Total comprehensive income for the half-year	-	2,902	-	-	-	2,902
<i>Transactions with owners in their capacity as owners:</i>						
Dividends to owners of the company	-	(2,468)	-	-	-	(2,468)
Issue of ordinary shares on exercise of share options	39	-	-	-	-	39
Share based scheme - value of employee services	-	-	-	-	(24)	(24)
Balance as at 31 December 2015	57,842	(17,764)	-	-	325	40,403

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

INTECQ Limited (formerly eBet Limited)

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2015

	Dec 2015 \$000	Dec 2014 \$000
Cash Flows from Operating Activities		
Receipts from customers	29,079	26,748
Payments to suppliers and employees	(22,317)	(23,173)
Interest received	194	123
Interest and other costs of finance paid	(52)	(33)
Income taxes paid	(145)	-
Net cash provided by operating activities	6,759	3,665
Cash Flows from Investing Activities		
Payments for acquisitions of property, plant and equipment	(959)	(566)
Payments for software development and other intangibles	(518)	(506)
Net cash outflow on acquisition on Flexinet business	(1,000)	(2,800)
Proceeds from sale of property, plant and equipment	7	-
Proceeds from investments	2,391	-
Net cash (used in) investing activities	(79)	(3,872)
Cash Flows from Financing Activities		
Net proceeds from share issue	-	7,969
Payment of capital return to shareholders	-	(1,058)
Dividends paid to shareholders	(2,468)	(843)
Repayments of borrowings	(431)	(884)
Net cash (used in) / provided by financing activities	(2,899)	5,184
Net increase in cash held	3,781	4,977
Effects of exchange rate changes on cash and cash equivalents	7	-
Cash at beginning of the financial period	4,350	1,828
Cash at end of the financial period	8,138	6,805

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

INTECQ Limited (formerly eBet Limited)

Notes to the Condensed Consolidated Financial Statements half-year ended 31 December 2015

Note 1 Significant Accounting Policies

Statement of Compliance

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, including AASB 134: *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Basis of Preparation

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by INTECQ Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period.

Impact of standards issued but not yet applied by the Group

(a)(ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months. The group does not expect to adopt the new standard before 1 July 2017.

	Half-Year	
	Dec 2015	Dec 2014
	\$000	\$000
Note 2 Revenue		
Revenue		
Sales - Systems & Software	12,049	9,289
Sales - Operations	14,260	12,518
Sales - Machines	-	255
	<u>26,309</u>	<u>22,062</u>
Other revenue		
Foreign exchange gain	7	8
Profit on sale of fixed assets	7	-
Other revenue	58	179
	<u>71</u>	<u>187</u>
Total revenue	<u>26,380</u>	<u>22,249</u>

Note 3 Expenses

Profit before income tax includes the following specific expenses:

Cost of sales	<u>8,591</u>	<u>5,880</u>
Depreciation and amortisation		
Plant and equipment depreciation	729	785
Intellectual property, software development and other intangible assets amortisation	<u>1,264</u>	<u>1,439</u>
	<u>1,993</u>	<u>2,224</u>

Note 4 Financial Income and Expenses

Interest Income	194	123
Interest expense	<u>(52)</u>	<u>(33)</u>
Net financing (expense) / Income	<u>142</u>	<u>90</u>

INTECQ Limited (formerly eBet Limited)

Notes to the Condensed Consolidated Financial Statements half-year ended 31 December 2015

Note 5 Contributed Equity

	No.	\$000
Shares on issue at 1 July 2014	15,324,047	50,853
Shares issued on 24 July 2014	2,296,975	8,384
Share issue transaction costs		(377)
Repayment of capital 9 December 2014		(1,057)
Shares on issue at 30 June 2015	17,621,022	57,803
Shares issued on 3 August 2015	13,470	39
Shares on issue at 31 December 2015	17,634,492	57,842

Note 6 Dividend Paid

The Group declared a dividend of 14 cents (25% franked) in the current reporting period (2014: 5.5 cents , 100% franked). This was paid on the 25 September 2015 (2014: 26 September 2014).

Note 7 Business Combinations

There were no business combinations to report in the six month period ended 31 December 2015.

Refer to the 30 June 2015 financial report for disclosures of business combinations in the prior year. There has been no change in the measurement of fair value of deferred consideration on prior year acquisitions, from 30 June 2015.

Note 8 Contingent Liabilities

The Group has the following contingent liability, not provided for in the financial report:

	Dec 2015 \$000	Jun 2015 \$000
Bank Guarantee (on leasehold premises)	404	404

Note 9 Subsequent Events

There are no matters or circumstances that have arisen since 31 December 2015 that has significantly affected, or may significantly affect:

- The Group's operations in the current or future financial years;
- The results of those operations in the current or future financial years; or
- The Group's state of affairs in the current or future financial years.

Note 10 Segment information

Description of segments

Management has determined the operating segments based on reports reviewed by the Chief Executive Officer (identified as the chief operating decision-maker) and the Board of Directors that are used to make strategic decisions.

The Chief Executive Officer and the Board of Directors have identified the following three reportable segments:-

- The Gaming Systems Division develops and markets a range of networked solutions for electronic Gaming machines including player cashless Gaming solutions and machine management software.
- The Gaming Operations Division provides support and maintenance of our licence products for customer installations delivered by the Gaming Systems Division. In addition, in Queensland, the division provides LMO services inclusive of Central monitoring, repairs, business intelligence and the maintenance of connected EGM's for our customers.
- The Machines Division was discontinued in March 2015.

INTECQ Limited (formerly eBet Limited)

Notes to the Condensed Consolidated Financial Statements half-year ended 31 December 2015

Note 10 (cont.) Segment Information

Segment information provided to the Chief Executive Officer and the Board of Directors

The segment information provided to the Chief Executive Officer and the Board of Directors for the reportable segments is as follows:

	Systems		Operations		Machines		Consolidated Entity	
	Dec 15 \$000	Dec 14 \$000	Dec 15 \$000	Dec 14 \$000	Dec 15 \$000	Dec 14 \$000	Dec 15 \$000	Dec 14 \$000
Revenue from external customers	12,049	9,599	14,260	12,518	-	255	26,309	22,372
Depreciation and amortisation expense	166	330	1,827	1,894	-	-	1,993	2,224
Impairment of intangible assets	-	-	-	-	-	-	-	-
Profit before income tax	1,423	736	2,429	1,254	-	111	3,852	2,101
Income tax (expense) / benefit							(950)	1,606
Net profit							2,902	3,707

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

INTECQ Limited (formerly eBet Limited)

Directors' Declaration for the half-year ended 31 December 2015

In the opinion of the Directors of INTECQ Limited:

1. The interim financial statements and notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
 - b. complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that INTECQ Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors,



Paul Oneile
Director & Chairman

Sydney
23 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Intecq Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Intecq Limited ("the company"), which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, the notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

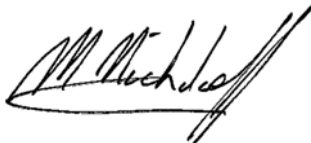
Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

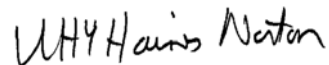


Mark Nicholaeff

Partner

Sydney

Dated: 23 February 2016



UHY Haines Norton

Chartered Accountants