

**ASX RELEASE
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INTECQ LIFTS NET PROFIT BEFORE TAX 42 PER CENT FOR FY16

INTECQ Limited ("INTECQ"; ASX: ITQ) today announced a 37 per cent rise in Adjusted Net Profit After Tax from \$4.5 million to \$6.2 million for the 2016 financial year. The Adjusted Net Profit After Tax in the previous corresponding period (PCP) excluded a 'one-off' tax benefit from the recognition of prior year's tax losses and prior year's R&D tax credits of \$4.4 million.

There was a 42 per cent rise in Net Profit Before Tax to \$8.6 million and a 36 per cent rise in Adjusted Earnings Per Share (EPS) to 34.9 cents.

The company continued to deliver strong growth momentum, with revenue growing by 4 per cent to \$53.8 million, and recurring revenue up 14 per cent to \$29.4 million. Recurring revenue represented 55 per cent of total revenue.

Operating cash flow grew strongly during the period to \$13.8 million, an increase of 157 per cent compared with the PCP.

Financial Highlights	FY16 (\$'000)	FY15 (\$'000)	Variance
Revenue	53,760	51,608	+4%
Recurring Revenue	29,429	25,746	+14%
Gross Margin	36,052	34,211	+6%
EBITDA	11,776	10,554	+12%
NPBT	8,575	6,056	+42%
Adjusted EPS ¹	34.9 cents	25.8 cents	+36%

During the year, INTECQ signed major contracts for the provision of its eBet products to the Federal Group, Wrest Point Casino in Hobart and Country Club in Launceston, as well as major NSW club group, The Mingara Group.

Acting Chief Executive Officer of INTECQ, Peter Walford, said "eBet was selected by both operators to access its unique gaming management, player loyalty systems and business intelligence, which are leading the Australian market.

"We expect to continue making inroads into the gaming system market with our new products, including Wager Exchange", he added.

¹ In the PCP, Adjusted EPS is based on NPAT which excludes a 'one-off' tax benefit from the recognition of prior years tax losses and prior years R&D tax credits of \$4.4 million.

Business Segments	FY16 <i>(\$'000)</i>	FY15 <i>(\$'000)</i>	Variance
Total Revenue	53,760	51,608	+4%
Gaming Systems	23,192	24,330	-5%
Gaming Operations	29,429	25,746	+14%
Other Revenue	1,139	1,532	-26%

Gaming Systems – strong growth in sales of gaming systems

Gaming Systems sales were \$23.2 million.

Strong sales of Metropolis™, the market-leading gaming systems technology, reflected its increased market penetration, with installations across 5,431 electronic gaming machines (EGMs), with 96 new venues installed with the technology.

CARD-IT™, a unique card-based gaming functionality, continued to achieve increased adoption by gaming venues. During the year, 97 venues (operating 7,277 EGMs) were installed with CARD-IT™.

Sales of Engage™, an innovative and unique venue marketing tool that enhances player engagement, grew strongly over the period. During the year, Engage™ was installed on 4,428 EGMs in 60 new venues.

Gaming Operations – continued growth in recurring revenue

Gaming Operations revenue, representing recurring revenues, increased by 14 per cent to \$29.4 million, as a result of continued expansion of the company's EGM network and increased penetration of the company's gaming systems technologies. The combined EGM network grew 2 per cent to over 73,000, primarily driven by the company's expansion into the Victorian market.

Recurring revenue generated through **eBET Gaming Systems** rose 18 per cent to \$16.8 million. eBET's Metropolis network grew to 30,282 EGMs, an increase of 22 per cent on the PCP.

Recurring revenue derived from **Odyssey Gaming** in Queensland increased to \$12.6 million, up 10 per cent, through its network of monitored EGMs. Odyssey increased the take-up of Metropolis™ and CARD-IT™ across its EGM network.

Strong cost control

During the period, gross margin increased to \$36.1 million, up 6 per cent on the PCP.

Importantly, tight cost control led to operating expenses rising by only 2 per cent during the year to \$24.5 million.

This was also a major contributor to EBITDA rising 12 per cent to \$11.8 million.

Financially strong

The company's strong cash flow generation and the retirement of all debt during the year underpin its strong financial position.

The company has cash of \$13.8 million, an increase of 79 per cent on the previous year.

Outlook

Chairman of INTECQ, Mr Paul Oneile said "We now have the critical mass of systems installations to expand our footprint to major operators in Australia and overseas. We have proven our products and service are the market's best and expect continued growth in revenue and profit over the new financial year.

"We will continue to develop our expansion strategy over the next year, opening up new markets and gaming sectors to our products.

"INTECQ is being re-positioned to be a technology company, with the capacity to expand and deliver our product range to a broader range of gaming venues", he concluded.

TABCORP

The Company announced on the 1st August 2016 that it has entered into a Scheme Implementation Agreement with Tabcorp Holdings Ltd (ASX code: TAH) ("Tabcorp") under which it is proposed that Tabcorp will acquire 100 per cent of the company's capital by way of a Scheme of Arrangement.

The directors of INTECQ have agreed under the Scheme Implementation Agreement that no final dividend will be declared for FY16 and this has been reflected in the determination of the offer consideration.

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About INTECQ Limited

INTECQ Limited is a technology company, listed on the Australian Securities Exchange (ASX: ITQ) with headquarters in Sydney, Australia. Its scale and diversity, commitment to excellence, innovative technologies and superior customer service underpins the company's growth and expansion across jurisdictions, markets and sectors.

The company operates two business divisions, eBET and Odyssey Gaming, which provide technology solutions to gaming venues. They provide integrated gaming technology solutions, including gaming management systems, Licensed Monitoring Operator (LMO) services and business intelligence tools and expertise.

The company operates across Australia and the Asia-Pacific region and has commercial agreements with over 1200 customers, operating over 73,000 electronic gaming machines.

For more information on the INTECQ, please visit www.intecqlimited.com

This announcement contains or may contain forward-looking statements that are based on the Board's beliefs, assumptions and expectations derived from information presently available to management. All statements that address operating performance, events or development that the Company expects or anticipates will occur in the future are forward-looking statements, including without limitation the Company's expectations with respect to potential revenues, costs, profitability and financial performance. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. The Board believes that forward-looking statements are reasonable as and when made.