IMDEX™
REAL-TIME SUBSURFACE SOLUTIONS

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Financial Report 2017

IMDEX | Real-time subsurface intelligence solutions



216 Balcatta Road
Balcatta WA 6021

PO Box 1262
Osborne Park WA 6916

T +61 (8) 9445 4010
F +61 (8) 9445 4042

imdex@imdexlimited.com
www.imdexlimited.com

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Directors of Imdex Limited ("Imdex" or "the Company") present their report together with the annual Financial Report of the Company and its Subsidiaries ("the Group") for the financial year ended 30 June 2017.

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

Directors

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

Name	Role	Particulars
Mr A Wooles (Appointed 1 July 2016)	Non Executive Chairman	▪ Corporate Advisor and Executive ▪ Appointed Director and Chairman on 1 July 2016 ▪ Chairman of the Remuneration Committee from 19 August 2016 ▪ Member of the Audit, Risk and Compliance Committee ▪ Has held executive and advisory roles in diverse industries including mining, oil and gas, power generation, manufacturing, telecommunications, food and beverages and retail ▪ Non Executive Chairman of High Peak Royalties Limited (2012 – current) and Bhagwan Marine Pty Ltd (2011 – current)
Mr B W Ridgeway	Managing Director	▪ Chartered Accountant ▪ Director since 23 May 2000 ▪ Over 26 years experience with public and private companies as owner, director and manager ▪ Member of the Institute of Chartered Accountants in Australia and New Zealand and Australian Institute of Company Directors ▪ Non Executive director of Sino Gas and Energy Holdings Ltd (2007-Current)
Mr K A Dundo	Independent, Non Executive Director	▪ Lawyer ▪ Member of the Remuneration Committee and Audit, Risk and Compliance Committee ▪ Director since 14 January 2004 ▪ Non Executive Director of Red 5 Limited (2010 – Current), Cash Converters International Limited (2015 – Current)
Ms S Layman (Appointed 6 February 2017)	Independent, Non Executive Director	• Engineer and Certified Practicing Accountant • Appointed as a Director on 6 February 2017 • Chair of the Audit, Risk and Compliance Committee • Member of the Australian Institute of Company Directors, the Australian Financial Markets Association and CPA Australia • Extensive experience within the mining sector and financial markets with significant international and cross commodity experience • Previously Division Director – Metals & Energy Capital Division at Macquarie Bank Limited and currently Director of Gascoyne Resources Limited (June 2017 – current)
Ms E Donaghey (Resigned 25 November 2016)	Independent, Non Executive Director	▪ Civil Engineer ▪ Director since 28 October 2009 ▪ Member of the Audit, Risk and Compliance Committee from 14 December 2009 ▪ Member of the Remuneration Committee from 14 December 2009 and appointed as Chairperson of the Remuneration Committee on 9 July 2015 ▪ Previously held a range of commercial and senior management positions in Woodside Petroleum and BHP Petroleum ▪ Non Executive Director of St Barbara Limited (2011 – 2014)
Mr I Gustavino	Independent, Non Executive Director	• Corporate Advisor • Appointed as a Director on 3 July 2015 • Member of the Remuneration Committee from 9 July 2015 • Prior to his role as a corporate advisor, Mr. Gustavino was a co-founding shareholder and Director of Surpac Software, now Dassault Systèmes GEOVIA Inc.
Mr J Hegyi (Resigned 21 July 2016)	Independent, Non Executive Director	• Investment Manager • Appointed as a Director on 1 December 2015 • Partner and co-founder of Iron Compass LLC, an investment management company in the USA • Previously served as a Director of numerous companies in diverse industries including telecommunications, media and financial services

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

	Board of Directors (Number)		Audit, Risk and Compliance Committee (Number)		Remuneration Committee (Number)	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
A Wooles	9	9	3	3	2	2
B W Ridgeway	9	9	-	-	-	-
K A Dundo	9	9	3	3	4	4
S Layman	3	3	2	2	-	-
E Donaghey	5	5	-	-	3	3
I Gustavino	9	9	-	-	4	4

Company Secretary

Mr P A Evans

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

Remuneration Report

1. Non Executive Directors

Remuneration policy

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

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

The maximum total remuneration payable to Non Executive Directors was approved by Shareholders at the 2015 Annual General Meeting and is currently $700,000. In the current year remuneration to Non Executive Directors totalled $453,280, including statutory superannuation. The Board determines the apportionment of Directors' fees between each Director.

No options were issued to, granted to or exercised by Directors in the current financial year.

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a) Mr A Wooles, Non Executive Chairman

Equity holdings

Type	30-Jun-16	Movements			30-Jun-17
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	-	-	-	1,818,183	1,818,183
Total	-	-	-	1,818,183	1,818,183

Type	30-Jun-15	Movements			30-Jun-16
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	-	-	-	-	-
Total	-	-	-	-	-

b) Mr K A Dundo, Independent, Non Executive Director

Equity holdings

Type	30-Jun-16	Movements			30-Jun-17
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	150,000	-	-	54,546	204,546
Total	150,000	-	-	54,546	204,546

Type	30-Jun-15	Movements			30-Jun-16
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	150,000	-	-	-	150,000
Total	150,000	-	-	-	150,000

Other transactions with Key Management Personnel (and their related parties) of Imdex Limited

(a) Mr K A Dundo was a Partner of the legal firm HopgoodGanim as at 30 June 2017, but is no longer a partner of HopgoodGanim. The legal services provided by HopgoodGanim to the Imdex Group were on normal commercial terms and conditions.

Transactions with Directors

	2017 $	2016 $
Profit from ordinary activities before income tax includes the following items of income and expenses relating to transactions, other than compensation, with Directors or their related entities:		
Legal services expense	198,375	280,935
Total assets and liabilities arising from transactions, other than compensation, with Directors or their related entities:		
Current Liabilities	-	-

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c) Mr I Gustavino, Independent, Non Executive Director

Equity holdings

Type	30-Jun-16	Movements			30-Jun-17
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	62,077	-	-	-	62,077
Total	62,077	-	-	-	62,077

Type	30-Jun-15	Movements			30-Jun-16
		Granted as compensation	Received on exercise of options	Purchased / (Sold)	
Directly	-	-	-	-	-
Indirectly	62,077	-	-	-	62,077
Total	62,077	-	-	-	62,077

Share options held by Directors

In 2014, Mr I Gustavino was indirectly issued 900,000 options through Atrico Pty Ltd, a consulting company whom he is a Partner in.

At the end of the current financial year and the prior financial year, Mr I Gustavino indirectly held 900,000 options through Atrico Pty Ltd, a consulting company whom he is a Partner in.

Other transactions with Key Management Personnel (and their related parties) of Imdex Limited

(b) Mr I Gustavino is a Partner of the corporate advisory company, Atrico Pty Ltd, that provided consulting services to the Imdex Group on normal commercial terms and conditions. Total consulting costs arising from Atrico Pty Ltd were $61,400 (2016: $78,650).

Transactions with Directors

	2017 $	2016 $
Profit from ordinary activities before income tax includes the following items of		
Consultancy expense	61,400	78,650
Total assets and liabilities arising from transactions, other than compensation,		
Current Liabilities	-	12,760

2. Managing Director

Remuneration policy

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

For FY17, the Managing Director has a short term incentive bonus that is related to key performance indicators (KPIs) set each year by the Remuneration Committee. These KPIs typically include financial, strategic and risk based measures. The Remuneration Committee set these performance hurdles as they are significant profit and cash flow drivers which are linked to Imdex's increased growth and profitability and hence shareholder value. Performance is measured relative to budget and forecast results as these are the most accurate measures available against which to assess the achievement of set hurdles. The balance of his cash compensation package for the current year is not linked to the Group's performance.

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

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Not withstanding the above, the Board proposes to engage a remuneration consultant to review the design of the current short term incentive plan.

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

Elements of Director Remuneration packages

Short-term benefits – salary/fees, bonuses and non monetary benefits;

Post-employment benefits – superannuation;

Equity – share options granted under the Staff Option Scheme (note 5.4) or performance rights granted under the Performance Rights Plan (note 5.4) or any other equity related benefits granted as approved by Shareholders at the Annual General Meeting; and

Other benefits – comprise payments made under the Imdex Loyalty Programme rewarding long term service with the Imdex Group.

Value of performance rights granted to the Managing Director

Performance rights are granted to the Managing Director at 50% of his base salary. Each performance right is to be satisfied by the allocation/allotment of one fully paid Imdex Limited ordinary share for nil consideration should specified performance hurdles be met. Value of performance rights granted and allocated as shares during the year are disclosed in the Managing Director's Performance rights holdings table.

No options were issued to, granted to or exercised by the Managing Director in the current financial year.

Bonuses granted to the Managing Director

Bonuses are paid on the achievement of performance criteria and if achieved could result in a bonus of 30% (up to 60% if 200% of target is achieved) of his base salary. Where performance hurdles are not met, no bonus is paid. The performance criteria used are chosen by the Remuneration Committee annually and are linked to the financial performance of the company and hence shareholder value. Performance criteria typically revolve around areas of risk management, people development, systems improvement and EBITDA performance. For the 2017 financial year and the prior year, the performance criteria was the achievement of EBITDA and EVA targets. Performance criteria are reviewed by the Remuneration Committee against budgeted outcomes before granting bonuses.

Imdex Loyalty Programme

Imdex Limited has in place a global Loyalty Programme in recognition of employees with long standing years of service. Employees with 5, 10, 15, 20 or 25 years employment with Imdex will be entitled to rewards for their years of service. Rewards range from a $500 voucher for 5 years' service through to a cash bonus of $5,000 for employees who remain with the business for 25 years.

Mr B W Ridgeway, Managing Director

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

In the current year, Mr Ridgeway earned a cash bonus of $257,324. There was no cash bonus in the prior year as specified targets were not met.

The grant of 2,268,946 performance rights to Mr Ridgeway in the current year was approved by the Shareholders at the Annual General Meeting on 25 November 2016. The hurdles relating to these performance rights are detailed at note 5.4 under the Managing Director's Performance Rights.

The grant of 1,558,468 performance rights to Mr Ridgeway in the prior year was approved by the Shareholders at the Annual General Meeting on 20 November 2015. The hurdles relating to these performance rights are detailed at note 5.4 under the Managing Director's Performance Rights.

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Equity holdings

Type	30-Jun-16	Movements			30-Jun-17
		Granted as compensation	exercise of options	Purchased / (Sold)	
Directly	128,876	-	-	-	128,876
Indirectly	2,214,630	-	-	54,546	2,269,176
Total	2,343,506	-	-	54,546	2,398,052

Type	30-Jun-15	Movements			30-Jun-16
		Granted as compensation	exercise of options	Purchased / (Sold)	
Directly	128,876	-	-	-	128,876
Indirectly	2,214,630	-	-	-	2,214,630
Total	2,343,506	-	-	-	2,343,506

Performance rights holdings

30-Jun-16	Movements			30-Jun-17	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
	Granted as compensation (MD Tranche)	Satisfied by the allocation	Expired			
2,281,694	2,268,946	-	-	4,550,640	857,435	21%

30-Jun-15	Movements			30-Jun-16	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
	Granted as compensation (MD Tranche)	Satisfied by the allocation	Expired			
1,288,044	1,558,468	-	(564,818)	2,281,694	276,394	5%

3. Key Management Personnel

Remuneration policy

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

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

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

Not withstanding the above, the Board proposes to engage a remuneration consultant to review the design of the current short term incentive plan.

All Executives are employed under permanent contracts. Mr D J Loughlin's, Mr P A Evans's and Mr Price's contracts provide a six month notice period upon termination and a six month termination pay out and Mr Giesler's contract specifies a 12 week notice period upon termination.

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

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Elements of Key Management Personnel Remuneration packages

Short-term benefits – salary/fees, bonuses and non monetary benefits;

Post-employment benefits – superannuation;

Equity – share options granted under the Staff Option Scheme or performance rights granted under the Performance Rights Plan or any other equity related benefits granted as approved by Shareholders at the Annual General Meeting; and

Other benefits – comprise payments made under the Imdex Loyalty Programme rewarding long term service with the Imdex Group.

Value of performance rights granted to Key Management Personnel

Performance rights are granted to Key Management Personnel at a 35% of their base salaries. Each performance right is to be satisfied by the allocation/allotment of one fully paid Imdex Limited ordinary share for nil consideration should specified performance hurdles be met. Value of performance rights granted and allocated as shares during the year are disclosed in each Key Management Personnel's Performance rights holdings table.

Share options held by Key Management Personnel

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

Bonuses granted to Key Management Personnel

Bonuses are paid on the achievement of performance criteria and if achieved could result in a bonus of 25% (up to 50% if 200% of the target is achieved) of their base salary. Where performance hurdles are not met, no bonus is paid. The performance criteria used are chosen by the Remuneration Committee annually and are linked to the financial performance of the company and hence shareholder value. Performance criteria typically revolve around areas of risk management, people development, systems improvement and EBITDA performance. For the 2017 financial year and the prior year, the performance criteria was the achievement of EBITDA and EVA targets. Performance criteria are reviewed by the Remuneration Committee against budgeted outcomes before granting bonuses.

Imdex Loyalty Programme

Imdex Limited has in place a global Loyalty Programme in recognition of employees with long standing years of service. Employees with 5, 10, 15, 20 or 25 years employment with Imdex will be entitled to rewards for their years of service. Rewards range from a $500 voucher for 5 years' service through to a cash bonus of $5,000 for employees who remain with the business for 25 years.

a) Mr D J Loughlin, Global Business Development Director

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

In the current year, Mr Loughlin earned a cash bonus of $109,528. There was no cash bonus in the prior year as specified targets were not met.

Mr Loughlin was granted 796,713 performance rights (tranche 18) in the current period under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Mr Loughlin was granted 547,237 performance rights in 2016 under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

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Performance rights holdings

	Movements					
30-Jun-16	Granted as compensation (Tranche 18)	Satisfied by the allocation	Expired	30-Jun-17	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
801,189	796,713	-	-	1,597,902	96,402	14%

	Movements					
30-Jun-15	Granted as compensation (Tranche 17)	Satisfied by the allocation	Expired	30-Jun-16	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
253,952	547,237	-	-	801,189	127,068	10%

b) Mr T Giesler, Chief Executive - AMC

Mr T Giesler is a party to a service contract with AMC USA LLC, which sets out a fixed compensation package reviewable annually. The service contract specifies a twelve week notice period in the event that the contract is terminated or a twelve week pay out in lieu of notice upon termination. Additional performance incentives may be agreed between Mr Giesler and Imdex from time to time.

In the current year, Mr Giesler earned a cash bonus of $97,571. There was no cash bonus in the prior year as specified targets were not met.

Mr Giesler was granted 736,911 performance rights (tranche 18) in the current period under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Mr Giesler was granted 315,511 performance rights in 2016 under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Performance rights holdings

	Movements					
30-Jun-16	Granted as compensation (Tranche 18)	Satisfied by the allocation	Expired	30-Jun-17	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
436,247	736,911	-	-	1,173,158	89,166	13%

	Movements					
30-Jun-15	Granted as compensation (Tranche 17)	Satisfied by the allocation	Expired	30-Jun-16	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
120,736	315,511	-	-	436,247	87,957	7%

c) Mr P Evans, Chief Financial Officer / Company Secretary

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

In the current year, Mr Evans earned a cash bonus of $106,922. There was no cash bonus in the prior year as specified targets were not met.

Mr Evans was granted 777,412 performance rights (tranche 18) in the current period under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Mr Evans was granted 533,979 performance rights in 2016 under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

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Equity holdings

	Movements			
30-Jun-16	Granted as compensation	Received on exercise of options	Purchased / (Sold)	30-Jun-17
408,164	-	-	-	408,164

	Movements			
30-Jun-15	Granted as compensation	Received on exercise of options	Purchased / (Sold)	30-Jun-16
408,164	-	-	-	408,164

Performance rights holdings

	Movements					
30-Jun-16	Granted as compensation (Tranche 18)	Satisfied by the allocation	Expired	30-Jun-17	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
781,779	777,412	-	-	1,559,191	94,067	14%

	Movements					
30-Jun-15	Granted as compensation (Tranche 17)	Satisfied by the allocation	Expired	30-Jun-16	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
247,800	533,979	-	-	781,779	123,990	10%

d) Mr T Price, General Manager Engineering & Product Development

Mr T Price commenced as the General Manager – Engineering Product Development on 25 January 2016.

Mr Price is a party to a service contract with Imdex Technology USA LLC, which sets out a fixed compensation package reviewable annually. The service contract specifies a six month notice period in the event that the contract is terminated and a six month pay out upon termination. Additional performance incentives may be agreed between Mr Price and Imdex from time to time.

In the current year, Mr Price earned a cash bonus of $119,656. There was no cash bonus in the prior year as specified targets were not met.

Mr Price was granted 903,705 performance rights (tranche 18) in the current period under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Mr Price was granted 425,618 performance rights in 2016 under the Performance Rights Plan. The hurdles relating to these performance rights are detailed at note 5.4 under employee level 7 and 8.

Equity holdings

	Movements			
30-Jun-16	Granted as compensation	Received on exercise of options	Purchased / (Sold)	30-Jun-17
187,227	-	-	-	187,227

	Movements			
30-Jun-15	Granted as compensation	Received on exercise of options	Purchased / (Sold)	30-Jun-16
187,227	-	-	-	187,227

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Performance rights holdings

	Movements					
30-Jun-16	Granted as compensation (Tranche 18)	Satisfied by the allocation	Expired	30-Jun-17	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
588,488	903,705	-	-	1,492,193	109,348	13%

	Movements					
30-Jun-15	Granted as compensation (Tranche 17)	Satisfied by the allocation	Expired	30-Jun-16	Value of performance rights at grant date	Percentage of remuneration for the year that consisted of performance rights
162,870	425,618	-	-	588,488	103,808	7%

4. Earnings and Movements in Shareholder Wealth

The table below sets out summary information about the Consolidated Entity's movements in shareholder wealth for the five years to June 2017 for the continuing and discontinued operations:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Revenue – ($'000)	186,702	173,943	188,332	183,557	232,921
Net (loss) / profit before tax ($'000)	5,906	(56,788)	(18,644)	(7,062)	28,510
Net (loss) / profit after tax ($'000)	3,663	(56,253)	(22,503)	(5,277)	19,383
Share price at start of year (cents)	21.0	30.0	63.0	62.0	176.0
Share price at end of year (cents)	75.5	21.0	30.0	63.0	62.0
Interim dividend (cents) – fully franked	-	-	-	-	2.50
Final dividend (cents) – fully franked	-	-	-	-	0.40
Basic (loss) / earnings per share (cents)	1.14	(23.11)	(10.44)	(2.50)	9.24
Diluted (loss) / earnings per share (cents)	1.06	NA	NA	NA	9.14

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

Remuneration Report (audited) (continued)

Year ended 30 June 2017

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^ Shares & Units	Equity-settled ^ Options & Rights	Cash settled	Other	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Executive Director													
B W Ridgeway, Managing Director	925,730	257,324	-	-	30,000	-	15,239	-	-	327,388 ^	-	-	1,555,681
													-
Non-Executive Directors													-
A Wooles, Chairman (i)	175,000	-	-	-	-	-	-	-	-	-	-	-	175,000
K A Dundo	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
S Layman (ii)	39,726	-	-	-	-	-	-	-	-	-	-	-	39,726
E Donaghey (iii)	32,682	-	-	-	3,415	-	-	-	-	-	-	-	36,097
I Gustavino	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
J Hegyi (iv)	5,357	-	-	-	-	-	-	-	-	-	-	-	5,357
	1,358,495	257,324	-	-	50,515	-	15,239	-	-	327,388	-	-	2,008,961

	Short-term employee benefits				Post Employment		Other long-term employee	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^ Shares &	Equity-settled ^ Options &	Cash settled	Other	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Group Executives													
D J Loughlin	464,370	109,528	-	-	30,000	-	7,645	-	-	95,864	-	-	707,407
T Giesler	401,584	97,571	-	17,431	14,762	-	-	-	-	76,803	-	-	608,151
P A Evans	453,120	106,922	-	-	30,000	-	7,476	-	-	93,542	-	-	691,060
T Price	520,537	119,656	-	27,111	20,829	-	-	-	-	99,961	-	-	788,094
	1,839,611	433,677	-	44,542	95,591	-	15,121	-	-	366,170	-	-	2,794,712

^ These non-cash entitlements reflect the value of performance rights that are being expensed in the current period to recognise progressive vesting conditions. The issue of shares relating to these performance rights will only occur in future periods if the vesting conditions are met. Performance rights were granted to the Managing Director at 1 July 2016 in line with the current policy, however for valuation purposes could not be valued until approved by shareholders at the AGM. Between 1 July 2016 and 25 November 2016 the Imdex share price increased significantly, therefore increasing the valuation of the rights granted.

(i) Mr Wooles was appointed Chairman on 1 July 2016
(ii) Ms Layman was appointed to the Board on 6 February 2017
(iii) Ms Donaghey resigned from the Board on 25 November 2016
(iv) Mr Hegyi resigned from the Board on 21 July 2016

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

Remuneration Report (audited) (continued)

Year ended 30 June 2016

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^		Cash settled	Other	Total
									Shares & Units	Options & Rights			
	$	$	$	$	$	$	$	$	$	$	$	$	$
Executive Director													
B W Ridgeway, Managing Director	925,730	-	14,572	-	30,000	-	18,100	-	-	53,492	-	-	1,041,894
Non Executive Directors													
R W Kelly, Chairman	135,000	-	-	-	12,825	-	-	-	-	-	-	-	147,825
K A Dundo	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
E Donaghey	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
I Gustavino	90,000	-	-	-	8,550	-	-	-	-	-	-	-	98,550
J Hegyi	52,500	-	-	-	-	-	-	-	-	-	-	-	52,500
	1,383,230	-	14,572	-	68,475	-	18,100	-	-	53,492	-	-	1,537,869

	Short-term employee benefits				Post Employment		Other long-term employee benefits	Termination Benefits	Share-based payment				
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation	Other			Equity-settled ^		Cash settled	Other	Total
									Shares & Units	Options & Rights			
	$	$	$	$	$	$	$	$	$	$	$	$	$
Group Executives													
D Loughlin	464,370	-	-	-	30,000	-	8,387	-	-	56,658	-	-	559,415
P Evans	453,120	-	-	-	30,000	-	8,015	-	-	55,285	-	-	546,420
S Maikranz	525,574	-	159,857	-	-	-	-	-	-	70,395	-	-	755,826
D Stevenson	101,538	-	-	-	9,646	-	-	-	-	-	-	-	111,184
C Oliver	151,014	-	-	-	12,645	-	18,420	-	-	11,451	-	-	193,530
T Price	243,407	-	-	4,297	14,831	-	-	-	-	18,539	-	-	281,074
P Italiano	190,769	-	-	-	15,000	-	-	116,350	-	(14,638)	-	-	307,481
	2,129,792	-	159,857	4,297	112,122	-	34,822	116,350	-	197,690	-	-	2,754,930

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

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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Performance Rights

Performance Rights in existence during the current year

2017	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights				
					Opening balance	Granted	Satisfied by the allocation/ allotment of shares	Expired ^	Closing balance
Tranche 7	5-Sep-11	Aug-15	-	2.100	18,750	-	(18,750)	-	-
Tranche 12	1-Jul-14	Oct-18	-	0.600	200,000	-	(200,000)	-	-
Tranche 13	1-Jul-14	Oct-18	-	0.600	102,487	-	(51,243)	-	51,244
Tranche 14	1-Jul-14	Jul-17	-	0.600	3,608,010	-	-	(1,009,237)	2,598,773
MD Tranche	16-Oct-14	Jul-17	-	0.630	723,226	-	-	-	723,226
Tranche 17	1-Jul-15	Jul-18	-	0.285	6,694,400	-	-	(669,341)	6,025,059
MD Tranche	20-Nov-15	Jul-18	-	0.235	1,558,468	-	-	-	1,558,468
Tranche 18	1-Jul-16	Jul-19	-	0.285	-	10,731,319	-	(176,471)	10,554,848
MD Tranche	25-Nov-16	Jul-19	-	0.620	-	2,268,946	-	-	2,268,946

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

Performance rights on issue at the date of this report

Issuing Entity	Class	Class of shares	Exercise price	Grant date	Expiry date	Key terms	Number of shares under performance right
Imdex Limited	Performance Rights (Tranche 13)	Ordinary	Nil	1 Jul 2014	Jul 2017	(aa)	51,244
Imdex Limited	Performance Rights (Tranche 14)	Ordinary	Nil	1 Jul 2014	Jul 2017	(bb)	2,598,773
Imdex Limited	Performance Rights (Managing Directors' Tranche 5)	Ordinary	Nil	16 Oct 2014	Jul 2017	(cc)	723,226
Imdex Limited	Performance Rights (Tranche 17)	Ordinary	Nil	1 Jul 2015	Jul 2018	(dd)	6,025,059
Imdex Limited	Performance Rights (Managing Directors' Tranche 6)	Ordinary	Nil	20 Nov 2015	Jul 2018	(ee)	1,558,468
Imdex Limited	Performance Rights (Tranche 18)	Ordinary	Nil	1 Jul 2016	Jul 2019	(ff)	10,554,848
Imdex Limited	Performance Rights (Managing Directors' Tranche 7)	Ordinary	Nil	20 Nov 2015	Jul 2018	(gg)	2,268,946

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

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

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

(dd) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about September 2018. A combination of Performance Rights subject to the achievement of specified performance hurdles and ongoing employment tenure, and Performance Rights subject only to ongoing employment tenure.

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(ee) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about September 2018. Subject to ongoing employment tenure.

(ff) To be satisfied by the issue of fully paid ordinary shares in Imdex Limited on or about September 2019. A combination of Performance Rights subject to the achievement of specified performance hurdles and ongoing employment tenure, and Performance Rights subject only to ongoing employment tenure.

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

More information on the Performance Rights Plan can be found in note 5.4

Share options

Share options on issue at the date of this report

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

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

There were no share options exercised during or since the end of the financial year. More information on the share options can be found in note 5.4.

Operations Review

(a) Principal Activities

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

(b) Review of Operations

Imdex's minerals business performed well throughout the 2017 financial year (FY17), achieving a 23% increase in revenue and a 55% increase over the prior period normalised EBITDA. Robust operating conditions were experienced in all of the major mining regions as activity increased and the global minerals industry emerged from the recent cyclical downturn. This uplift was initially driven by the stronger gold price; however, it has now become a broader-based recovery. The improving market conditions were reflected in the company's REFLEX instruments on hire. As at 30 June 2017, the total fleet was up 42% compared to 30 June 2016.

Capital Raising

During the first half of FY17, Imdex issued approximately 81.82 million shares at a price of $0.55 per share to raise $45 million through a share placement and share purchase plan. The share placement was significantly oversubscribed and the funds raised were applied to debt reduction and strengthening the balance sheet.

New Bankwest Facility and Payout of Bain Capital

As announced to the market on 28 December 2016, the company secured a $30 million facility with Bankwest to replace the Bain Capital facility (formerly Sankaty), which attracted an interest rate of 10.75%.
The Bankwest facility currently has a significantly lower interest rate and has been drawn to $7.1 million at 30 June, 2017. This facility reduces by $1.0 million per quarter.

Sale of Wholly Owned Oil and Gas Businesses

During the year, Imdex completed the sale of its wholly owned oil and gas businesses and wrote-off $3.6 million associated with its oil and gas technology. All material costs associated with the divestment of this business were accounted for in the 2016 financial year. During the year, a non-recurring benefit of $2.1 million before tax associated with the divestment of AMC Oil & Gas was recorded.

Financial Results for FY17

- Revenue from continuing operations of $176.2 million, up 23% (FY16: $143.3 million);
- EBITDA from continuing operations of $31.5 million, up 55% (FY16: normalised $20.3 million);
- Net profit after tax of $3.7 million (FY16: a loss of $56.2 million);
- Operating cash flow from continuing operations (excluding financing costs) of $20.7 million (FY16: normalised $9.4 million), up 120%
- Strong balance sheet – as at 30 June 2017, net assets had increased by $44.2 million and net cash totaled $12.3 million;

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

- Successful capital raising – as announced to the market 5 September 2016; and
- Secured a new $30 million Bankwest facility with a lower interest rate and;
- Paid out the Bain Capital facility in full.

Key operational highlights included:

- Sale of wholly owned oil and gas businesses – now a 100% minerals focused business;
- Early stages of minerals industry cyclical upswing – increased activity in all major mining regions globally;
- 42% increase in the number of REFLEX instruments on hire as at 30 June 2017 compared to 30 June 2016;
- Continued investment in research and development resulting in the commercialisation of new technologies;
- Commenced internal digital transformation project; and
- Board renewal including the appointment of a new Non Executive Chairman (1 July 2016) and Non-Executive Director (6 February 2017).

(c) Dividends

No dividend was paid during the current or prior year.

(d) Changes in State Of Affairs

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

(e) Subsequent Events

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

(f) Future Developments

The outlook for Imdex remains positive. The global minerals industry is in the early stages of a cyclical upswing and activity has increased across all major mining regions.

Furthermore, there remains a fundamental need to replace diminishing reserves by resource companies; majors and juniors are generally well-funded; and new technologies are gaining momentum within the industry to drive greater efficiency and productivity – Imdex is delivering these real-time or near real-time technologies and has a significant first mover advantage. The company is committed to maintaining this advantage through its investment in research and product development during FY18.

Key Areas of Focus and Growth Initiatives for FY18

Imdex remains committed to achieving sustainable earnings growth for its shareholders. During FY18 it will focus on organic growth by protecting and growing its core business within the global minerals industry, while pursuing transformational growth via market extension. More broadly the company will:

- Develop leading integrated technologies and Imdex solutions;
- Develop opportunities within new market segments; and
- Expand and diversify its global client base.

Operationally the company's objectives include:

- Enhancing health and safety;
- Achieving and exceeding its financial targets for FY18;
- Prioritising new product development projects and commercialsing new products;
- Increasing its capability to be the leading provider of real-time subsurface intelligence solutions to the global minerals industry; and
- Implementing its internal digital transformation project with the view to significantly improving how the company supports its customers and Imdex's systems, processes and business outcomes.

(g) Environmental Regulations

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

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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(h) Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 5.8 to the Financial Report. The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the fees paid for services provided as disclosed in note 5.8 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk and Compliance Committee, for the following reasons:

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

(i) Auditor's Independence Declaration

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

(j) Indemnification of Officers and Auditors

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

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

(k) Rounding Off of Amounts

The Company is a Company of the kind referred to in ASIC Class Order 2016/191, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

(l) ASX Governance Principles and ASX Recommendations

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

Unless otherwise indicated the ASX Recommendations including corporate governance practices and suggested disclosures, have been adopted by Imdex Limited (**Imdex or Company**) for the full year ended 30 June 2017. In addition, the Company has a Corporate Governance section on its website: www.imdexlimited.com (under the "Investors" heading) which includes the relevant documentation suggested by the ASX Recommendations.

The Imdex Group's Corporate Governance Statement (**Statement**) for the financial year ending 30 June 2017 is dated as at 30 June 2017 and was approved by the Board of Imdex Limited (**Board**) on 18 August 2017. The extent to which Imdex has complied with the ASX Recommendations during the year ended 30 June 2017, and the main corporate governance practices in place can be viewed in the Corporate Governance section on the company website.

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

On behalf of the Directors



Mr Anthony Wooles

Chairman

PERTH, Western Australia, 18 August 2017.

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DIRECTORS' DECLARATION

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The Directors declare that:

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

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

(c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1.2 to the financial statements; and

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

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 2016/191. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 5.3 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

Dated at Perth, 18 August 2017.



Mr Anthony Wooles
Chairman

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR ENDED 30 JUNE 2017

CONTINUING OPERATIONS	Notes	Year Ended 30 June 2017 $'000	Year Ended 30 June 2016 $'000
Revenue from sale of goods and operating lease rental	2.2	176,225	143,346
Other income		209	521
Raw materials and consumables used		(62,269)	(50,708)
Employee benefit expense	2.3	(52,036)	(48,905)
Depreciation and amortisation expense		(11,275)	(9,422)
Finance costs	2.3	(16,567)	(10,160)
Other expenses	2.3	(30,479)	(29,068)
Profit / (loss) before tax from continuing operations		3,808	(4,396)
Income tax benefit / (expense)		(1,243)	535
Profit / (Loss) for the year from continuing operations		2,565	(3,861)
Discontinued operations			
Gain / (Loss) for the period from discontinued operations	5.2	1,098	(52,392)
Profit / (Loss) for the period		3,663	(56,253)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on the translation of foreign operations		(1,280)	(3,698)
Exchange gain reclassified from foreign currency translation reserve to profit or loss on the sale of discontinued operations		(2,058)	-
Other comprehensive income/(loss) for the year, net of income tax		(3,338)	(3,698)
Total comprehensive profit / (loss) for the year		325	(59,951)
Profit / (Loss) attributable to owners of the parent		3,663	(56,253)
Total comprehensive profit / (loss) attributable to owners of the parent		325	(59,951)
Earnings / (Loss) per share			
From continuing and discontinued operations			
Basic profit / (loss) (cents)	2.1	1.14	(23.11)
Diluted profit / (loss) (cents)	2.1	1.06	(23.11)
From continuing operations			
Basic profit / (loss) per share (cents)	2.1	0.80	(1.59)
Diluted profit / (loss) per share (cents)	2.1	0.74	(1.59)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Current Assets			
Cash	3.1	19,379	12,977
Trade and Other Receivables	4.1	41,510	28,803
Inventories	4.2	29,904	27,383
Current Tax Assets		310	534
Other		3,659	5,166
		94,762	74,863
Assets classified as Held for Sale	5.2	-	3,153
Total Current Assets		94,762	78,016
Non Current Assets			
Property, Plant and Equipment	4.3	32,225	38,156
Deferred Tax Assets	5.1	23,544	19,325
Goodwill and other intangible assets	4.4	60,362	60,838
Total Non Current Assets		116,131	118,319
Total Assets		210,893	196,335
Current Liabilities			
Trade and Other Payables	4.5	30,441	20,774
Borrowings	3.2	4,462	9,462
Current Tax Liabilities	5.1	3,192	2,290
Provisions	4.6	10,027	12,223
Total Current Liabilities		48,122	44,749
Non Current Liabilities			
Borrowings	3.2	2,685	34,697
Deferred Tax Liabilities	5.1	104	340
Provisions		162	956
Total Non Current Liabilities		2,951	35,993
Total Liabilities		51,073	80,742
Net Assets		159,820	115,593
Equity			
Issued Capital	3.3	149,690	99,174
Reserves		(866)	9,086
Retained Earnings		10,996	7,333
Total Equity		159,820	115,593

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

		Reserves							
		Warrants Reserve	Shares reserved for Performance Rights Plan	Foreign Currency Translation Reserve	Employee Equity-Settled Benefits Reserve	Reserves Total	Fully Paid Ordinary Shares	Retained Earnings	Total Attributable to Equity Holders of the Entity
	Notes	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2015		-	(105)	(524)	5,407	4,778	93,259	62,779	160,816
Exchange differences on translation of foreign operations after taxation	5.4	-	-	(3,698)	-	(3,698)	-	-	(3,698)
Loss for the year		-	-	-	-	-	-	(56,253)	(56,253)
Total comprehensive income/(loss) for the year		-	-	(3,698)	-	(3,698)	-	(56,253)	(59,951)
Issue of shares under share placement, net of transaction costs		-	-	-	-	-	5,915	-	5,915
Issue of warrants under new debt facility	5.4	7,964	-	-	-	7,964	-	-	7,964
Share based payments - options	5.4	-	-	-	34	34	-	-	34
Share based payments - performance rights		-	-	-	915	915	-	-	915
Granting/settlement of performance rights	5.4	-	205	-	(1,012)	(807)	-	807	-
Shares purchased on market to satisfy performance		-	(100)	-	-	(100)	-	-	(100)
Balance at 30 June 2016		7,964	-	(4,222)	5,344	9,086	99,174	7,333	115,593
Exchange differences on translation of foreign operations after taxation	5.4	-	-	(1,280)	-	(1,280)	-	-	(1,280)
Exchange gain reclassified from foreign currency translation reserve to profit or loss on the sale of discontinued operations		-	-	(2,058)	-	(2,058)	-	-	(2,058)
Profit for the year		-	-	-	-	-	-	3,663	3,663
Total comprehensive income/(loss) for the year		7,964	-	(7,560)	5,344	5,748	99,174	10,996	115,918
Issue of shares under share placement, net of transaction costs	3.3	-	-	-	-	-	42,552	-	42,552
Conversion of warrants to ordinary shares	5.4	(7,964)	-	-	-	(7,964)	7,964	-	-
Share based payments - options	5.4	-	-	-	-	-	-	-	-
Share based payments - performance rights		-	-	-	1,383	1,383	-	-	1,383
Granting/settlement of performance rights	5.4	-	118	-	-	118	-	-	118
Shares purchased on market to satisfy performance		-	(151)	-	-	(151)	-	-	(151)
Balance at 30 June 2017		-	(33)	(7,560)	6,727	(866)	149,690	10,996	159,820

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

CONTINUING AND DISCONTINUED OPERATIONS	Notes	Year Ended 30 June 2017 $'000	Year Ended 30 June 2016 $'000
Cash Flows From Operating Activities			
Receipts from customers		185,636	191,033
Payments to suppliers and employees		(162,805)	(185,416)
Interest and other costs of finance paid		(6,412)	(9,778)
Income tax paid		(3,348)	(2,406)
Net cash provided by / (used in) Operating Activities	3.1	13,071	(6,567)
Cash Flows From Investing Activities			
Interest received		153	108
Payment for property, plant and equipment		(6,211)	(3,442)
Payment for development costs capitalised		(439)	(1,863)
Proceeds from sale of property, plant and equipment		2,027	536
Net proceeds from the sale of discontinued operations		3,182	-
Net cash used in Investing Activities		(1,288)	(4,661)
Cash Flows From Financing Activities			
Shares purchased on market to satisfy performance rights		(151)	(100)
Hire purchase and lease payments		(612)	(555)
Hire purchase debt raised		-	85
Proceeds from borrowings		12,999	11,665
Repayment of borrowings		(59,756)	(1,326)
Proceeds from share placement, net of costs		42,585	5,915
Net cash (used in) / provided by Financing Activities		(4,935)	15,684
Net Increase in Cash		6,848	4,456
Cash at the Beginning Of The Financial Year		12,977	8,417
Effects of exchange rate changes on the balance of cash held in foreign currencies		(446)	104
Cash at the End Of The Financial Year	3.1	19,379	12,977

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

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ABOUT THIS REPORT

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Imdex Limited (the Company) is a listed public company, incorporated in Western Australia and operating in Asia-Pacific, Africa, Europe and the Americas. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

1.1 Basis of Presentation

The Financial Report has been prepared on the going concern basis and on the basis of historical cost except for the revaluation of current assets held for sale. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and accounting policies have been applied consistently in all periods presented.

The Company is a company of the kind referred to in ASIC Class Order 2016/191, and in accordance with that Class Order amounts in the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The Financial Report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*. The Financial Report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- presents reclassified comparative information where appropriate to enhance comparability with the current period presentation.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2016. Refer to note 1.5 for further details;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 1.5 for further details; and

The financial statements were authorised for issue by the Directors on 18 August 2017.

1.2 Basis of Consolidation

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it:

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

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

1.3 Changes to Accounting Policies

The Group has adopted all new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2016 as mandatory.

Standards and Interpretations issued but not yet effective

The following new or amended accounting standards issued by the AASB are relevant to current operations and may impact the Group in the period of initial application. They are available for early adoption but have not been applied in preparing this Financial Report.

AASB 16 Leases (effective from 1 July 2019) – The key change to AASB is that lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. This change will result in Imdex recognising most leases in the Statement of Financial Position which is expected to have a material impact. Refer to Note 3.5

All other new standards including AASB 15 Revenue are not expected to have a material impact in the period of initial application.

1.4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Judgements and estimates which are material to the financial report are found in the following notes:

- 4.4 – Recoverability of Goodwill
- 5.1 – Deferred Tax Assets

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2.1 Profit / (Loss) per share

	2017 Cents per share	2016 Cents per share
From continuing and discontinued operations		
Basic profit / (loss) per share	1.14	(23.11)
Diluted profit / (loss) per share	1.06	(23.11)
From continuing operations		
Basic profit / (loss) per share (a)	0.80	(1.59)
Diluted profit / (loss) per share (b)	0.74	(1.59)

(a) Basic loss per share	**2017**	**2016**
The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:	**$'000**	**$'000**
Continuing and discontinued operations - Profit / (Loss)	3,663	(56,253)
Continuing operations - Profit / (Loss)	2,565	(3,861)
	Shares	**Shares**
Weighted average number of ordinary shares for the purposes of basic loss per share	320,613,934	243,454,643

(b) Diluted proft / (loss) per share	**2017**	**2016**
The loss and weighted average number of ordinary shares used in the calculation of diluted loss per share are as follows:	**$'000**	**$'000**
Continuing and discontinued operations - Profit / (Loss)	3,663	(56,253)
Continuing operations - Profit / (loss)	2,565	(3,861)
	Shares	**Shares**
Weighted average number of ordinary shares used in the calculation of basic loss per share	344,394,498	243,454,643

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2.2 Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a division manager and the level of segment information presented to the board of directors.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of markets serviced. The directors of the Company have chosen to organise the Group around different markets services by the entity's products and services.

The sole focus is now on the minerals business as a result of the divestment of Oil & Gas.

No operating segments have been aggregated in arriving at the reportable segments of the Group. Operating and reportable segments for the group are:

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

(ii) Oil & Gas: This segment has been discontinued in the current year and comprised sale of drilling fluids and chemicals to the oil & gas and geothermal industries globally.

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

The following is an analysis of the revenue and results for the year, analysed by reportable segment.

Segment Revenues

	2017 $'000	2016 $'000
Minerals (continuing operations)	176,225	143,346
Oil & Gas (discontinued operations)	10,324	30,489
Total of all segments	186,549	173,835
Unallocated	153	108
Total revenue	186,702	173,943
Segment Results		
Minerals (continuing operations)	26,023	15,648
Oil & Gas (discontinued operations) (i)	2,098	(55,279)
Total of all segments	28,121	(39,631)
Central administration costs (ii)	(22,215)	(17,157)
Loss before income tax	5,906	(56,788)
Income tax benefit/(expense)	(2,243)	535
Loss attributable to ordinary equity holders of Imdex Limited	3,663	(56,253)

(i) The year ended 30 June 2017 includes an impairment writedown of oil and gas product development and the profit on the sale of oil and gas subsidiaries as well as the reversal of unused business closure provision costs.The year ended 30 June 2016 includes an impairment writedown of $32.2m to the Investment in VES and an expense of $12.6m relating to closure costs of the AMC Oil & Gas business.

(ii) Central administration costs comprise net financing costs for the Group and the corporate portion of head office costs. Head office costs attributable to operations are allocated to reportable segments in proportion to the revenues earned from those segments. Central administration costs include financing costs of $16.6m (2016: $10.1m) in relation to the funding arrangement with Bain Capital which was repaid during the period. Going forward, financing costs will be attributable to the new funding arrangement with Bankwest with a current weighted average rate of 3.59%.

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Segment Assets and Liabilities

	Assets		Liabilities	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Minerals	187,349	163,018	43,338	24,556
Oil & Gas	-	10,839	588	12,027
Assets classified as Held for Sale	-	3,153	-	-
Total of all segments	187,349	177,010	43,926	36,583
Unallocated	23,544	19,325	7,147	44,160
Consolidated	210,893	196,335	51,073	80,743

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than deferred tax assets. Goodwill is allocated to reportable segments as described in note 4.4. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other Segment Information

	Minerals (continuing operations)		Unallocated		Total continuing operations		Oil & Gas (discontinued operations)		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Depreciation	9,480	7,615	1,213	1,215	10,693	8,830	534	1,007	11,227	9,837
Amortisation	583	592	-	-	583	592	-	-	583	592
Impairment	-	-	-	-	-	-	3,592	33,670	3,592	33,670
Acquisition of segment assets	6,140	2,320	71	1,122	6,211	3,442	-	-	6,211	3,442
Significant non cash expenses other than depreciation and amortisation	4,311	483	1,786	284	6,097	767	182	182	6,279	949

Revenue from Major Products and Services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2017 $'000	2016 $'000
Fluids & Equipment	97,452	81,167
Rentals	78,773	62,179
Revenue from continuing operations	176,225	143,346
Discontinued operations	10,324	30,489
Revenue from continuing and discontinued operations	186,549	173,835

Revenue is measured at the fair value of the consideration received or receivable.

(i) Sale of goods

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

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

(ii) Revenue from services

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

(iii) Rental Income

Revenue from operating leases is recognised on a straight line basis over the term of the relevant lease

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Geographical Segments

The Group's continuing operations operate in the following geographical segments:

(i) Asia Pacific: Manufacture and sale/rental of products to the mining and mineral exploration industry
(ii) Europe: Manufacture and sale/rental of products to the mining and mineral exploration industry
(iii) Africa / Middle East: Manufacture and sale/rental of products to the mining and mineral exploration industry
(iv) Americas: Manufacture and sale/rental of products to the mining and mineral exploration industry

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Segment assets (non-current)	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Asia Pacific	60,180	50,644	83,338	83,620
Europe	19,710	14,713	6,429	7,161
Africa/Middle East	27,436	20,967	2,727	5,122
Americas	68,899	57,022	23,637	22,416
Discontinued operations	10,324	30,489	-	-
Total	186,549	173,835	116,131	118,319

2.3 Expenses

Finance Costs decreased in the second half of the year as a result of the repayment of the Bain Capital Facility in December 2016. This has been replaced with a more traditional Bankwest credit facility at a significantly lower interest rate.

Expense analysis by nature

	2017 $'000	2016 $'000
Finance costs		
Interest and early payment penalties	(4,912)	(5,597)
Amortisation and write off of borrowing costs	(5,172)	(2,613)
Amortisation and write off of warrants	(6,415)	-
Costs relating to capital raising not completed	-	(1,460)
Other interest and financing costs	(68)	(490)
	(16,567)	(10,160)
Other expenses		
Commissions	(1,782)	(1,526)
Consultancy fees	(2,014)	(2,863)
Legal and professional expenses (i)	(4,612)	(2,820)
Rent and premises costs	(6,375)	(5,721)
Travel and accommodation	(3,315)	(3,065)
Motor vehicle costs	(1,807)	(1,735)
Obsolete stock	-	(2,320)
Doubtful debts	(777)	(793)
Other expenses	(9,797)	(8,225)
	(30,479)	(29,068)

(i) Includes legal, audit, share registry and corporate secretarial fees

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	2017 $'000	2016 $'000
Employee benefits expense		
Salaries and wages	(48,014)	(45,367)
Defined contribution superannuation costs	(2,608)	(2,655)
Share based payments:	(1,414)	(883)
	(52,036)	(48,905)

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

2.4 Dividends

No dividend was paid during the current or prior year. The franking account balance is $52.7 million (2016: $52.7 million)

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3.1 Cash

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and held at banks, net of outstanding bank overdrafts. Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2017 $'000	2016 $'000
Cash	19,379	12,977

Reconciliation from the Loss for the Year to Net Cash (Used in)/Provided by Operating Activities

	2017 $'000	2016 $'000
Profit / (Loss) for the year	3,663	(56,253)
Adjustments for non-cash items		
Depreciation of non-current assets	10,692	9,837
Amortisation of intangible assets	583	592
Impairment expense	-	33,476
Closure costs provided for relating to discontinued operations	-	10,522
Interest received disclosed as investing activities	(153)	(108)
Share options and performance rights expensed	1,468	949
Write down of obsolete stock	-	2,320
(Gain)/ loss on sale of non-current assets	(142)	(105)
Inventory utilised into property, plant and equipment	-	3,900
Interest on hire purchase liabilities	67	35
Amortisation of Borrowing Costs	11,587	2,613
Non-operating revenue	(1,406)	-
Other	(1,614)	(2,263)
Changes in assets and liabilities during the financial year		
(Increase) / decrease in assets:		
Current receivables	(16,534)	(636)
Current inventories	(2,997)	258
Other current assets	1,918	(1,865)
Increase / (decrease) in liabilities:		
Current payables	13,891	(6,124)
Provision for employee entitlements	(4,286)	(774)
Current and deferred tax liability	(3,329)	(2,941)
Net Cash provided by / (used in) Operating Activities	13,408	(6,567)

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3.2 Borrowings

	2017 $'000	2016 $'000
Current borrowings		
Secured		
Bain Capital Facility (formerly Sankaty)	-	9,000
Bankwest	4,000	-
Hire purchase liabilities	462	462
	4,462	9,462
Non-current borrowings		
Secured		
Bain Capital Facility (formerly Sankaty)	-	34,015
Bankwest	2,545	-
Hire purchase liabilities	140	682
	2,685	34,697

As announced to the market on 28 December 2016 the Company successfully re-financed its debt facilities, extinguishing the amounts owed to its previous financiers Bain Capital through a new facility with Bankwest. The remaining capitalised finance costs associated with the Bain Capital facility were expensed as a part of the $16.2 million financing costs recognised this period.

The key terms of the Bankwest Facility are as follows:

Term: 3 years

Maximum Facility: $30 million

Drawn Balance at 30 June 17: AUD $0.9 million, USD $4.7 million

Weighted Average Interest Rate: 3.59% (Previously 10.75% with Bain Capital)

Hire purchase liabilities are secured over the assets to which they relate, the carrying value of which exceeds the value of the hire purchase liability. The Group does not hold title to the equipment under the hire purchase pledged as security. The weighted average interest rate applicable to these liabilities is 6.76% (2015: 6.64%).

Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable fees, premiums paid and transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Significant accounting estimates and assumptions

The Company previously issued 37,041,867 nil priced warrants to Bain Capital (formerly Sankaty). The warrants were treated as equity upon issue as the Company had the right to settle the warrants by issuing Imdex shares on a fixed for fixed basis (one share for one warrant). The value attributable to the warrants determined using a Black Scholes valuation of $7.9 million, was recorded in a separate equity reserve. In the current period, the warrants were settled via shares and as a result, the balance in the warrants reserve was extinguished and taken to issued capital. The valuation was subject to estimation as it was calculated using the Black-Scholes option pricing model which is based on significant assumptions such as volatility, dividend yield, and expected term.

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3.3 Issued capital

	Notes	2017 Number	2017 $'000	2016 Number	2016 $'000
Issued and Paid Up Capital - Fully paid ordinary shares					
Balance at beginning of the financial year		248,603,136	99,174	216,203,136	93,259
Issue of shares under share placement	(ii)	81,818,182	45,000	32,400,000	6,480
Transaction costs relating to share placement		-	(2,448)	-	(565)
Conversion of Warrants	(iii)	37,041,867	7,964	-	-
Closing balance at end of the financial year	(i)	367,463,185	149,690	248,603,136	99,174

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

(ii) During the period the Company issued 72.7 million shares via institutional and sophisticated investors and 9.1 million shares via share purchase plan to existing shareholders.

(iii) On 13 March Bain Capital exercised the warrants previously issued to them as part of the debt facility. As a result, 37.0 million shares were issued for nil cost.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

3.4 Financial Risk Management

Categories of financial instruments

	2017 $'000	2016 $'000
Financial Assets		
Cash and cash equivalents	19,379	12,977
Trade and other receivables	41,510	28,803
	60,889	41,780
Financial Liabilities		
Trade and other payables and borrowings	37,588	64,933

Financial risk management objectives

The Group is exposed to financial risks through the normal course of its business operations. The key financial risks impacting the Group relate to its financial instruments as per those disclosed in the statement of financial position. Specifically, those key risks are considered to be foreign currency risk and interest rate risk. The Group monitors its exposure to these risks on a regular basis and may enter into derivative financial instruments to manage these risks where appropriate. There are no derivative financial instruments in operation at year end.

Foreign currency risk management

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

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Exposure

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

	Liabilities		Assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
United States Dollars	14,559	13,912	24,591	16,450
Euro	4,286	3,347	4,292	3,472
South African Rand	2,077	1,175	2,740	1,939
Canadian Dollars	1,711	793	5,251	5,672
Other	1,587	2,003	9,166	5,915

Sensitivity

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

The following table details the Group's sensitivity to a 10% (2016: 10%) increase and decrease in the Australian Dollar against the relevant foreign currencies.

	United States Dollar Impact		South African Rand Impact	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Profit or (loss)	147	53	-	(37)
	European Dollar Impact		**Canadian Dollar Impact**	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Profit or (loss)	(25)	(58)	31	(295)

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

Interest rate risk management

The Group's cash flow is exposed to interest rate risk as entities in the Group borrow, lend and deposit funds at floating rates of interest. The following table details the Group's pre-tax loss sensitivity to a 1% increase and decrease in variable interest rates:

	Consolidated Impact	
	2017 $ '000	2016 $'000
Increased interest rate	123	130
Decreased interest rate	(123)	(130)

Credit risk management

The Groups maximum exposure to credit risk is the carrying amount of those assets as indicated in the statement of financial position. Credit risk on financial instruments refers to the potential financial loss to the Group that may result from counterparties failing to meet their contractual obligations. The Group manages its counterparty risk by limiting transactions to counterparty credit risk by limiting its transactions to counterparties of sound credit worthiness. The Group faced no significant credit exposures at the balance date.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who monitors short, medium and long term liquidity requirements through the use of financial models. The treasury function reports regularly to key management personnel and the Board on matters affecting liquidity risk. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity

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profiles of financial assets and liabilities. At 30 June 2017 the Company/Group has undrawn facilities of $22 million.

Maturity of financial liabilities

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

	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000
2017						
Trade and other payables	-	30,440	-	-	-	30,440
Finance lease liability	6.67%	101	305	194	-	600
Bankwest credit facility	3.59%	1,000	3,000	2,548	-	6,548
		31,541	3,305	2,742	-	37,588
2016						
Trade and other payables	-	15,580	5,194	-	-	20,774
Finance lease liability	6.76%	130	390	731	-	1,251
Bain Capital fixed rate borrowings	19.51%	1,087	12,306	54,210	-	67,603
		16,797	17,890	54,941	-	89,628

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

	Weighted average effective interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000
2017						
Trade and other receivables	-	41,510	-	-	-	41,510
Cash	0.25%	19,379	-	-	-	19,379
		60,889	-	-	-	60,889
2016						
Non-interest bearing	-	28,803	-	-	-	28,803
Cash	0.25%	12,977	-	-	-	12,977
		41,780	-	-	-	41,780

Non- derivative financial instruments

Recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Fair value of financial Instruments

The Directors consider that the carrying amount of financial assets and liabilities recorded in the financial statements represents or approximate their respective fair values.

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DEBT & CAPITAL

3.5 Commitments for expenditure

Capital expenditure commitments

At 30 June 2017 the Group had $830,386 capital commitments (2016: $1,204,547).

Hire purchase commitment

Hire purchase arrangements relate to plant and equipment with remaining terms of up to 3 years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the arrangements.

Lease commitment

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

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

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

(i) Group as Lessor

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

(ii) Group as Lessee

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

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

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

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

	2017 $'000	2016 $'000
Non-cancellable operating lease payments		
Within one year	5,606	5,731
Between one and five years	13,826	12,257
Later than five years	32,175	20,491
	51,607	38,479

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4.1 Trade and Other Receivables

	Notes	2017 $'000	2016 $'000
Current			
Trade receivables	(i)	43,588	33,170
Allowance for doubtful debts	(ii)	(2,115)	(4,405)
		41,473	28,765
Other receivables		37	38
		41,510	28,803

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

(ii) Movement in the allowance for doubtful debts	2017 $'000	2016 $'000
Balance at the beginning of the year	4,405	4,906
Amounts written off during the year	(3,067)	(1,294)
Increase in allowance recognised in profit or loss	777	793
Balance at the end of the year	2,115	4,405

All impaired debtors are in excess of 90 days overdue. In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	2017 $'000	2016 $'000
Ageing of past due but not impaired debtors		
0 - 30 days past due	2,285	1,509
31 - 60 days past due	2,788	4,139
61 + days past due	929	1,380
	6,002	7,028

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

4.2 Inventories

	2017 $'000	2016 $'000
Current		
Raw materials	4,181	4,836
Work in progress	579	340
Finished goods	25,144	22,207
	29,904	27,383

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

An allowance for diminution of stock of $857,855 existed at 30 June 2017 (2016: $2,683,701).

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4.3 Property, plant and equipment

	Notes	Plant and Equipment at cost $'000	Leasehold Improvements at cost $'000	Capital Works in Progress at cost $'000	TOTAL $'000
Gross Carrying Value					
Balance at 30 June 2015		66,042	9,563	5,944	81,549
Additions		6,430	8	856	7,294
Impairment of fixed assets relating to discontinued operations	5.2	(1,259)	(193)	-	(1,452)
Disposals		(1,465)	(56)	-	(1,521)
Net foreign currency exchange differences		(1,643)	17	247	(1,379)
Transfer		1,268	-	(1,268)	-
Balance at 30 June 2016		69,373	9,339	5,779	84,491
Additions		5,957	182	72	6,211
Disposals		(23,923)	(573)	-	(24,496)
Net foreign currency exchange differences		(2,734)	(4)	(15)	(2,753)
Transfer		5,065	-	(5,065)	-
Balance at 30 June 2017		53,738	8,944	771	63,453
Accumulated Depreciation					
Balance at 30 June 2015		36,020	3,528	-	39,548
Disposals		(1,061)	(29)	-	(1,090)
Depreciation expense	2.3	8,838	999	-	9,837
Net foreign currency exchange differences		(1,960)	-	-	(1,960)
Balance at 30 June 2016		41,837	4,498	-	46,335
Disposals		(23,861)	(171)	-	(24,032)
Depreciation expense	2.3	9,865	766	-	10,631
Net foreign currency exchange differences		(1,715)	9	-	(1,706)
Balance at 30 June 2017		26,126	5,102	-	31,228
Net Book Value					
As at 30 June 2016		27,536	4,841	5,779	38,156
As at 30 June 2017		27,612	3,842	771	32,225

Property, plant and equipment

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

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

Capital works in progress

Capital works in progress in the course of construction for production or supply purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation

Depreciation is calculated on a straight line basis in order to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements and assets held under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The annual depreciation range for all assets is 10 – 50%. Depreciation of capital works in progress, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

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4.4 Goodwill

	2017 $'000	2016 $'000
Gross Carrying Amount		
Balance at beginning of the financial year	83,658	83,621
Effect of foreign exchange movements	128	37
Balance at end of the financial year	83,786	83,658
Accumulated Impairment Losses		
Balance at beginning of the financial year	(24,295)	(24,295)
Impairment losses for the year	-	-
Balance at end of the financial year	(24,295)	(24,295)
Net Book Value		
At the beginning of the financial year	59,363	59,326
At the end of the financial year	59,491	59,363

Goodwill is allocated to cash-generating units as follows:

	2017 $'000	2016 $'000
Reflex	36,469	36,013
AMC Minerals Asia Pacific	18,360	18,360
AMC Minerals South America	4,662	4,990
	59,491	59,363
Goodwill	59,491	59,363
Other Intangible Assets	871	1,475
Total Goodwill and Other Intangibles	60,362	60,838

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

Goodwill is subsequently measured at its cost less any accumulated impairment losses.

Significant accounting estimates and assumptions

Determining whether goodwill, intangibles and fixed assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets are attributable. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. A forward looking estimation of this nature is inherently uncertain.

Allocation of Goodwill to Cash Generating Units

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

Goodwill and intangible assets not yet available for use are not amortised but tested for impairment annually and whenever there is an indication that the asset may be impaired. Impairments recognised for goodwill are not reversed.

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

The Imdex Group holds goodwill of $59.5m, which has been reviewed for impairment. Expected future cashflows support the balance of goodwill.

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Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses recognised by cash-generating unit:

There have been no impairment losses for any CGU in the current year. In 2016, Property, Plant & Equipment impairment losses incurred were as follows:

- AMC Oil & Gas Europe: $646,000
- AMC Oil & Gas Asia Pacific: $563,000
- AMC Oil & Gas Africa: $243,000

Significant accounting estimates and assumptions

The determination of impairment involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment.

Goodwill is tested at least annually and where there is an indicator of impairment through testing of the CGUs to which the goodwill has been allocated. Goodwill and property, plant and equipment and other intangible assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash flows, which are independent of cash flows of other assets or groups of assets. The determination of these CGUs is based on management's judgement in regards to shared infrastructure, geographical proximity, and similar exposures to market risk and materiality.

Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased cost of capital, and other factors that may indicate impairment such as a business restructuring. In addition, management is also required to make significant estimates regarding future cash flows and the determination of fair values when assessing the recoverable amount of assets (or group of assets). Inputs into these valuations require assumptions and estimates to be made about forecast earnings before interest and tax and related future cash flows, growth rates, applicable discount rates, useful live and residual values.

Imdex's forecasted results reflect the activity levels within the minerals industry. The judgements, estimates and assumptions used in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognition of impairment charges in future periods.

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Annual Assessment for Impairment Indicators

CGUs

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

Annual impairment testing

Goodwill exists in relation to three CGUs and is tested annually for impairment:

- AMC Minerals Asia Pacific
- AMC Minerals South America
- Reflex

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

Assessment of impairment indicators

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

CGUs with indicators of impairment

AMC Minerals Europe

Indicators of impairment were identified in relation to AMC Europe given the underperformance versus budget in the year. The subsequent impairment testing indicated no impairment.

Value in use assessments and sensitivities:

Inputs to impairment calculations

For value in use calculations, cash flow projections are based on Imdex's corporate plans and business forecasts prepared by management and approved by the Board for the 2018 financial year. The corporate plans are developed annually.

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

For the financial years 2018 – 2022 the key assumptions applied were:

- Projections for the 2018 financial year reflects the non-recurrence of significant one off costs incurred in the 2017 financial year and the annualised cost savings anticipated to occur, and business specific growth forecast reflecting management's assessment of the short term outlook in each business.
- Revenue growth for the 2018 financial year onwards has been based on a growth rate that reflects a base line recovery in an uncertain market. CPI is applied specifically to each CGU based on regional data collected;
- Capital investment for the 2018 financial year is based on the forecasted numbers approved by the Board of Directors. Going forward to terminal date, capital investment gradually increases each year so that it equals the replacement cost of assets by terminal date ;
- Tax rates used were those applicable to the countries in the region;
- Post-tax discount rates used were country risk adjusted and based on data supplied by external sources: and
- Working capital is assumed to increase at a rate of 30% to sales increases. The organisational rate of working capital to sales is 30% based on historic trends. The reduced rate of working capital to sales on the incremental increase in sales reflects management's efforts to reduce levels of working capital through improved inventory and debtor management.

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

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

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

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

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

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

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Reportable segment	Minerals				
CGU	**AMC Minerals Asia Pacific**	**AMC Minerals North America**	**AMC Minerals South America**	**AMC Minerals Europe**	**Reflex**
Goodwill ($000's)	18,360	-	4,661	-	36,470
Other assessable assets ($'000)	13,600	12,249	9,096	7,004	34,492
Total assessable assets ($'000)	**31,960**	**12,249**	**13,757**	**7,004**	**70,962**
Asset specific impairment charge recorded ($'000)	-	-	-	-	-
Remaining carrying value ($'000)	**31,960**	**12,249**	**13,757**	**7,004**	**70,962**
Discount rate (post-tax)	9.38%	9.38%	11.74%	10.31%	9.38%
Average annual compound revenue growth rate from 2017 to 2018	(2%)	11%	10%	28%	13%
Average annual compound revenue growth rate from 2018 to 2022	Commences at 1% and increases at 1% per annum	Commences at 2% and increases at 2% per annum	Commences at 2% and increases at 2% per annum	Commences at 2% and increases at 2% per annum	Commences at 1% and increases at 1% per annum
Headroom as a percentage of the CGU's net carrying value	55.4%	76.8%	135.5%	86.4%	422.2%
Terminal value growth	2.75%	2.75%	2.75%	2.75%	2.75%

Changes in the assumptions used in the CGU value-in-use model, when considered in isolation, will result in the following Headroom/ (Impairment) (000's):

Reportable segment		Minerals				
CGU		**AMC Minerals Asia Pacific**	**AMC Minerals North America (a)**	**AMC Minerals South America (a)**	**AMC Minerals Europe (a)**	**Reflex (a)**
Terminal growth rate	1%	24,657				
	-1%	12,569				
Pre-tax discount rate	2%	7,290				
	-2%	36,845				

(a) There are no reasonable possible changes in a key assumption on which the Group has based its value-in-use calculation for these CGU's that causes the carrying amount to exceed its recoverable amount. As such, a sensitivity analysis has not been performed.

4.5 Trade & Other Payables

	Notes	2017 $'000	2016 $'000
Trade payables	(i)	23,607	14,547
Accruals and other payables		6,834	6,227
		30,441	20,774

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

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4.6 Provisions

	Notes	2017 $'000	2016 $'000
Current provisions			
Employee entitlements	(i)	9,439	4,866
Other provisions		588	7,357
		10,027	12,223

(i) The provision for employee entitlements represents annual leave, long service leave due and the short term employee incentive tied to the 2017 financial year performance with the majority of these entitlements expected to be taken during the coming year.

Other Provisions

	Office closure provision $'000	Oil & Gas closure provision $'000	Total $'000
Balance at 1 July 2016	691	6,668	7,359
Amounts utilised	(691)	(6,080)	(6,771)
Balance at 30 June 2017	-	588	588

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Significant accounting estimates and assuptions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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

Employee entitlements

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

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

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.
Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

In the prior year, a provision was recognised for closure costs and divestment related to the Oil & Gas division. This was largely wound down in the current financial year, with only $0.6 million remaining for next year.

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5.1 Taxation

	2017 $'000	2016 $'000
Income tax expense/(benefit) recognised in the income statement		
Tax expense/(benefit) comprises:		
Current tax expense	800	4,060
Deferred tax expense / (benefit) relating to the origination and reversal of temporary differences	2,816	(4,697)
Losses from prior years brought to account	(1,095)	-
Timing differences brought to account from prior year	(1,020)	-
Under/(over) provision in prior year income tax	(258)	102
Total tax expense/(benefit)	1,243	(535)
Prima facie income tax expense/(benefit) on pre-tax accounting loss from continuing operations reconciles to income tax expense/(benefit) in the financial statements as follows:		
Profit / (Loss) before tax from continuing operations	3,808	(4,396)
Income tax benefit calculated at 30% (i)	1,142	(1,319)
Tax losses not recognised or impaired	680	4,878
Non-deductible conversion of warrants	1,925	-
Other non-deductible and non-assessable items	2,860	(36)
Tax rate differential arising from foreign entities	(2,991)	235
Losses from prior years brought to account	(1,095)	-
Timing differences brought to account from prior year	(1,020)	-
Under/(over) provision in prior year income tax	(258)	103
	1,243	(535)

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

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

Current tax

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

that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other

assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

Current and Deferred Tax Balances

	2017 $'000	2016 $'000
Current tax assets and liabilities		
Current tax receivable	310	534
Current tax payable	(3,192)	2,290
Deferred tax balances		
Deferred tax assets comprise:		
Provisions	2,136	4,058
Inventory	1,524	1,025
Property, plant and equipment	5,988	2,950
Carry forward tax losses in subsidiary companies	15,418	10,807
Accruals	-	-
Other	(1,522)	485
	23,544	19,325
Deferred tax liabilities comprise:		
Intangible assets	(104)	(104)
Untaxed reserves	-	(236)
	(104)	(340)
Net deferred tax balances	23,440	18,985

	2017 $'000	2016 $'000
Unrecognised deferred tax assets:		
The following have not been brought to account as assets:		
Temporary differences relating to the translation of investments in subsidiary undertakings	6,978	5,372
Deferred Tax Assets in respect of unrecognised tax losses	6,531	8,265
Deferred Tax Assets in respect of unrecognised provisions	86	1,533

Relevance of tax consolidation to the Group

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

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences in the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated

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group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax- consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credit in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Nature of tax funding arrangements and tax sharing agreements

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

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

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

Significant accounting estimates and assumptions

A net deferred tax asset of $23.5m has been recognised on the face of the Consolidated Statement of Financial Position. The largest component of this asset is the future tax benefit available to the group in respect of unused tax losses incurred of $15.4m, primarily in relation to Australia, given the high level of non-recurring costs expensed in this and other jurisdictions in the current and prior year. This tax benefit will be realised over the coming years when future taxable profits are available against which the unused tax losses can be utilised. This net asset has been raised as it is considered more likely than not that it will be realised due to trading and/or sale of assets. In making this assessment of likelihood, a forward looking estimation of cash flows and the likelihood of business success needs to be made. A forward looking estimation of this nature is inherently uncertain.

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

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

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5.2 Discontinued operations

As announced to the market on 28 December 2016, The Group executed binding Sale and Purchase Agreements to sell Wildcat Chemicals Australia Pty Ltd and AMC Oil & Gas – Germany and Romania.

The results of the Oil & Gas business and related sale is set out below.

	Year Ended 30 June 2017 $'000	Year Ended 30 June 2016 $'000
Revenue	10,324	30,489
Other Income	312	54
Raw Materials and consumables used	(8,154)	(11,148)
Utilisation and reversal of unused business closure costs provision	1,704	-
Impairment of VES Joint Venture Investment	-	(32,218)
Impairment of Property, Plant & Equipment	-	(1,452)
Impairment of Oil and Gas Product Development	(3,592)	-
Expenses	-	(38,117)
Profit on the sale of subsidiaries [(i)]	504	-
	1,098	(52,392)
[(i)] Profit on the sale of subsidiaries:		
Proceeds received	3,500	-
Less net assets disposed	4,054	-
Less Deferred Tax Asset	1,000	-
Cumulative Exchange Gain reclassified from foreign currency translation reserve to profit or loss	2,058	-
Gain on disposal	504	-
Cash Flows from Discontinued Operations		
Net cash outflows from operating activites	(1,234)	(454)
Net cash inflows / (outflows) from investing activities	4,588	(40)
Net cash outflows from financing activities	(392)	(72)
Net cash inflows / (outflows)	2,962	(566)

Assets classified as Held for Sale

During the period, the Board has determined that capitalised Oil and Gas Product Development expenditure may not be realised. The ongoing challenges in the Oil & Gas market and the Group's focus on it's minerals business moving forward has resulted in the decision to impair the full amount of the asset, being $3.6 million (2016: nil).

Oil and Gas Product Development	30 June 2017 $'000	30 June 2016 $'000
Opening Balance	3,153	-
Expenses capitalised during the period	439	3,153
Impairment expense	(3,592)	-
Closing Balance	-	3,153

Assets Classified as Held for Sale

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

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

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

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

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

5.3 Parent Entity & Subsidiary information

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

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Financial Position	**30 June 2017 $'000**	**30 June 2016 $'000**
Assets		
Current Assets	10,440	13,896
Non Current Assets	58,163	94,155
Total Assets	68,603	108,051
Liabilities		
Current Liabilities	14,032	12,137
Non Current Liabilities	12,707	34,716
Total Liabilities	26,739	46,853
Net Assets	41,864	61,198
Equity		
Issued Capital	149,690	99,174
Warrants Reserve	-	7,964
Shares Reserved for Performance Rights Plan	-	-
Employee Equity-Settled Benefits Reserve	6,596	5,344
Foreign Currency Translation Reserve	(1,695)	(1,695)
Accumulated Losses	(112,727)	(49,589)
Total Equity	41,864	61,198

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Financial Performance	**Year Ended 30 June 2017 $'000**	**Year Ended 30 June 2016 $'000**
Loss for the year	(64,100)	(50,844)
Other comprehensive income, net of income tax	-	807
Total comprehensive loss	(64,100)	(50,037)
Retained Earnings at the beginning of the financial year	(49,589)	(904)
Loss for the year	(64,100)	(50,844)
Amounts transferred from reserves	-	807
Dividend received	962	1,352
Retained Earnings at the end of the financial year	(112,727)	(49,589)

	30 June 2017 $'000	**30 June 2016 $'000**
Guarantee provided under the deed of cross guarantee	52,231	77,312
Commitments for the acquisition of property, plant and equipment by the parent entity		
Plant and equipment		
Within one year	-	197
Between one and five years	-	34
Later than five years	-	-
	-	231

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Subsidiaries

	Notes	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %
Parent Entity				
Imdex Limited	(i),(ii),(iii)	Australia		
Controlled Entities				
Australian Mud Company Pty Ltd	(ii),(iii)	Australia	100	100
Samchem Drilling Fluids & Chemicals (Pty) Ltd		South Africa	100	100
Imdex International Pty Ltd	(ii),(iii)	Australia	100	100
Imdex Sweden AB		Sweden	100	100
Reflex Instruments Asia Pacific Pty Ltd	(ii),(iii)	Australia	100	100
Reflex Instrument AB		Sweden	100	100
Reflex Instrument North America		Canada	100	100
Reflex Instrument South America SpA		Chile	100	100
Reflex Instruments Europe Ltd		United Kingdom	100	100
Drillhole Surveying Instruments (Pty) Ltd		South Africa	100	100
Imdex Technology Sweden AB	(iv)	Sweden	-	100
Flexit Australia Pty Ltd	(ii)	Australia	100	100
AMC North America Ltd		Canada	100	100
Imdex South America S.A.		Chile	100	100
AMC Chile S.A.		Chile	100	100
Wildcat Chemicals Australia Pty Ltd	(v)	Australia	-	100
Reflex Technology International Pty Ltd	(ii),(iii)	Australia	100	100
AMC Reflex Argentina S.A.		Argentina	100	100
AMC Reflex Peru S.A.C.		Peru	100	100
Reflex Do Brasil Serviços Para Mineração Ltda		Brazil	100	100
AMC Drilling Fluids Pvt Limited		India	100	100
Imdex Nominees Pty Ltd	(ii)	Australia	100	100
AMC Germany GmbH	(v)	Germany	-	100
AMC Europe GmbH	(vi)	Germany	100	-
AMC Oil & Gas Rom SRL	(v)	Romania	-	100
Australian Drilling Specialties Pty Ltd	(ii)	Australia	100	100
Imdex USA Inc		United States of America	100	100
Imdex Technologies USA LLC		United States of America	100	100
AMC USA LLC		United States of America	100	100
Reflex USA LLC		United States of America	100	100
AMC Oilfield Services Pte Ltd		Singapore	100	100
System Mud Industria e Comercio Ltda		Brazil	100	100
Imdex Global Coöperatie U.A		Netherlands	100	100
Imdex Global B.V.		Netherlands	100	100
AMC Oil & Gas International Limited BVI		British Virgin Islands	100	100
AMC Drilling Fluids & Products - Mexico S. de RL de C.V. Mexico		Mexico	100	100
AMC Myanmar Limited	(vii)	Myanmar	-	100
2iC Australia Pty Ltd	(viii)	Australia	-	100

(i) Imdex Limited is the ultimate parent company and is the head entity within the tax consolidated group.
(ii) These companies are part of the Australian tax consolidated group.
(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Imdex Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. Australian Mud Company Pty Ltd became a party to the deed on 29 June 2006, Imdex International Pty Ltd on 20 October 2006, Reflex Instruments Asia Pacific Pty Ltd on 14 September 2007, Reflex Technology International Pty Ltd on 28 April 2011 and Wildcat Chemicals Australia Pty Ltd on 7 September 2011.
(iv) This entity was deregistered on 18 May 2017.
(v) These entities were sold on 28 December 2016, refer to note 5.2.
(vi) This entity was registered on 21 September 2016
(vii) This entity was sold effective 1 April 2017
(viii) This entity was deregistered on 25 January 2017

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

Income Statement	**2017 $'000**	**2016 $'000**
CONTINUING OPERATIONS		
Revenue from sale of goods and operating lease rental	74,159	60,660
Other revenue from operations	344	523
Total revenue	74,503	61,183
Other income	-	32
Foreign exchange gain	(1,312)	2,722
Gain on the disposal of shares in SEH	-	-
Raw materials and consumables used	(30,683)	(24,809)
Employee benefit expenses	(27,041)	(26,895)
Depreciation and amortisation expense	(6,556)	(5,549)
Write back / (down) of intercompany loans	31,995	(20,433)
Write off investments	(45,152)	-
Finance costs	(16,489)	(9,996)
Auditors and accounting fees	(344)	(638)
Commissions	(780)	(784)
Consultancy fees	(1,150)	(1,337)
Legal and professional expenses	(4,998)	(2,539)
Rent and premises costs	(3,076)	(3,116)
Travel and accommodation	(1,201)	(1,213)
Motor vehicle costs	(477)	(431)
Research and Development costs	(994)	(1,525)
Bad debts	-	(151)
Other expenses	(2,730)	(8,517)
Loss before income tax expense	(36,485)	(43,996)
Income tax benefit/ (expense)	1,053	5,290
Loss for the year from coninuing operations	(35,432)	(38,706)
Discontinued operations		
Loss for the period from discontinued operations	(2,345)	(38,521)
Loss for the period	(37,777)	(77,227)

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

Balance Sheet	**2017 $'000**	**2016 $'000**
Current Assets		
Cash and Cash Equivalents	12,446	5,886
Trade and Other Receivables	17,609	28,078
Inventories	12,247	13,001
Other	334	1,702
Total Current Assets	42,636	48,667
Non Current Assets		
Other Financial Assets	67,269	69,473
Property, Plant and Equipment	6,384	13,255
Other Intangible Assets	87	347
Deferred Tax Assets	14,210	14,202
Total Non Current Assets	87,950	97,277
Total Assets	130,586	145,944
Current Liabilities		
Trade and Other Payables	29,020	23,813
Other Financial Liabilities	9,674	-
Borrowings	4,460	9,462
Provisions	6,230	6,599
Total Current Liabilities	49,384	39,874
Non Current Liabilities		
Borrowings	2,685	34,697
Provisions	162	956
Deferred Tax Liabilities	-	1,785
Total Non Current Liabilities	2,847	37,438
Total Liabilities	52,231	77,312
Net Assets	78,355	68,632
Equity		
Contributed Capital	149,655	99,174
Warrants Reserve	-	7,964
Shares Reserved for Performance Rights Plan	-	-
Employee Equity-Settled Benefits Reserve	6,694	5,344
Foreign Currency Translation Reserve	7,242	7,242
Retained Earnings (i)	(85,236)	(51,092)
Total Equity	78,355	68,632
(i) Retained Earnings at the beginning of the financial year	(51,092)	23,976
Net Loss	(37,777)	(77,227)
Dividends Received	3,633	1,352
Amounts transferred from employee equity-settled benefits reserve	-	807
Retained Earnings at the end of the financial year	(85,236)	(51,092)

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5.4 Reserves

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

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

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

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

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

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

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

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

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

Consultant's Options

In 2014, 900,000 options were issued to Atrico Pty Ltd (Atrico) as remuneration for acting as advisors for the Group. These options were approved at the 2014 Annual General Meeting. These options will expire if the consultancy agreement between Atrico and the Group is terminated, otherwise 1 September 2017. Mr Gustavino, appointed as a Director of the Group on 3 July 2015, is also a Partner in Atrico. No options were issued in the prior or current period.

Performance Rights Plan

At the Imdex Limited Annual General Meeting on 15 October 2009 the Shareholders approved the formation of a Performance Rights Plan (PRP or Plan) and subsequently renewed at the Annual General Meeting on 18 October 2012 and 20 November 2015. The Plan allows for the issue of performance rights to employees from time to time. The quantum of performance rights granted to employees is at the discretion of the Directors and is generally based on seniority and level of contribution to the strategic goals of Imdex Limited. A performance right is the right to receive one fully paid Imdex Limited ordinary share for nil consideration should set hurdles be achieved and tenure of employment be maintained. The hurdles are set by the Directors when performance rights are issued and are generally linked to the achievement of financial or other strategic goals of Imdex Limited.

The value of the Managing Director's performance rights was higher than other performance rights issued at this time due to the increase in the Imdex share price between 1 July 2016 and the date of the AGM.

Performance rights granted in the current year

Staff Performance Rights

10,731,319 performance rights were issued to employees (Level 5 and above) in July 2016. Upon successful achievement of the below hurdles, allotment of these performance rights will be in September 2019 (once the 2019 financial year independent audit report is signed).

The performance rights are subject to a number of hurdles: a market based vesting condition in Total Shareholder Return (TSR), a non-market based vesting condition in Earnings Per Share (EPS) and Employment Tenure (Tenure Rights). In the case of the TSR and the EPS hurdles, Imdex Limited's performance will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (2017 to 2019 financial year).

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

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

Exercise of the performance rights at the end of the 3-year period (30 June 2019) will commence when the Company's performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's performance is at the 90th percentile against the Peer Group.

The fair value of a market performance right (TSR) at grant date was $0.14 per right. The expected total cost of the estimated 4,359,911 fully paid ordinary shares to be issued in Imdex Limited will therefore be $610,388. This value will be expensed over the vesting period from July 2016 to June 2019, with $203,462 expensed in the current year.

The fair value of a non-market performance right (EPS) at grant date was $0.20 per right. For the purposes of the 2017 financial statements, the Directors have made an estimate that out of the 4,359,911 non-market performance rights issued, 50% will meet the required hurdles and will result in 2,179,955 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 2,179,955 fully paid ordinary shares to be issued in Imdex Limited will therefore be $444,711. This value will be expensed over the vesting period from July 2016 to June 2019, with $148,237 expensed in the current year.

The fair value of a tenure right at grant date was $0.20 per right. For the purposes of the 2017 financial statements, the Directors have made an estimate that out of the 1,835,027 non-market performance rights issued, 75% will meet the required hurdles and will result in 1,376,270 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 1,376,270 fully paid ordinary shares to be issued in Imdex Limited will therefore be $280,759. This value will be expensed over the vesting period from July 2016 to June 2019, with $93,586 expensed in the current year.

Managing Director's Performance Rights

2,268,946 performance rights were granted to the Managing Director on 25 November 2016 following approval by the shareholders at the Annual General Meeting. Upon successful achievement of the below hurdles, allotment of these performance rights will be in August 2019 (once the 2018 financial year independent audit report is signed).

The Managing Director is subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (2017 to 2019 financial year).

Exercise of the performance rights at the end of the 3-year period (30 June 2019) will commence when the Company's performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's performance is at the 90th percentile against the Peer Group.

The fair value of a market performance right (TSR) at grant date was $0.50 per right. The expected total cost of the estimated 1,134,473 fully paid ordinary shares to be issued in Imdex Limited will therefore be $564,741. This value will be expensed over the vesting period from November 2016 to June 2019, with $188,247 expensed in the current year.

The fair value of a non-market performance right (EPS) at grant date was $0.52 per right. For the purposes of the 2017 financial statements, the Directors have made an estimate that out of the 1,134,473 non-market performance rights issued, 50% will meet the required hurdles and will result in 567,236 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 567,236 fully paid ordinary shares to be issued in Imdex Limited will therefore be $292,694. This value will be expensed over the vesting period from November 2016 to June 2019, with $56,913 expensed in the current year.

Performance rights granted in the prior year

Staff Performance Rights

7,882,573 performance rights were issued to employees (Level 5 and above) in July 2015. Upon successful achievement of the below hurdles, allotment of these performance rights will be in August 2018 (once the 2018 financial year independent audit report is signed).

The performance rights are subject to a number of hurdles: a market based vesting condition in Total Shareholder Return (TSR), a non-market based vesting condition in Earnings Per Share (EPS) and Employment Tenure (Tenure Rights). In the case of the TSR and the EPS hurdles, Imdex Limited's performance will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (2016 to 2018 financial year).

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

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

Exercise of the performance rights at the end of the 3-year period (30 June 2018) will commence when the Company's performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's performance is at the 90th percentile against the Peer Group.

The fair value of a market performance right (TSR) at grant date was $0.18 per right. The expected total cost of the estimated 3,150,039 fully paid ordinary shares to be issued in Imdex Limited will therefore be $567,000. This value will be expensed over the vesting period from July 2015 to June 2018, with $173,000 expensed in the current year.

The fair value of a non-market performance right (EPS) at grant date was $0.28 per right. For the purposes of the 2016 financial statements, the Directors have made an estimate that out of the 3,150,039 non-market performance rights issued, 50% will meet the required hurdles and will result in 1,575,020 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 1,575,020 fully paid ordinary shares to be issued in Imdex Limited will therefore be $441,000. This value will be expensed over the vesting period from July 2015 to June 2018, with $146,000 expensed in the current year.

The fair value of a tenure right at grant date was $0.28 per right. For the purposes of the 2016 financial statements, the Directors have made an estimate that out of the 1,582,494 non-market performance rights issued, 75% will meet the required hurdles and will result in 1,186,871fully paid Imdex Limited shares being issued. The expected total cost of the estimated 1,186,871 fully paid ordinary shares to be issued in Imdex Limited will therefore be $332,000. This value will be expensed over the vesting period from July 2015 to June 2018, with $110,000 expensed in the current year.

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

Managing Director's Performance Rights

1,558,468 performance rights were granted to the Managing Director on 20 November 2015 following approval by the shareholders at the Annual General Meeting. Upon successful achievement of the below hurdles, allotment of these performance rights will be in August 2018 (once the 2018 financial year independent audit report is signed).

The Managing Director is subject to two hurdles each with equal weighting; a market based vesting condition in Total Shareholder Return (TSR) and a non-market based vesting condition in Earnings Per Share (EPS). In each case the TSR and the EPS of Imdex Limited will be measured against the TSR and EPS of a peer group consisting of the ASX Resources Index over the 3 year measurement period (2016 to 2018 financial year).

Exercise of the performance rights at the end of the 3-year period (30 June 2018) will commence when the Company's performance (as calculated by the Performance Measures) is at 50% and above of the Peer Group performance. At 50%, the allocation will be 33% of the total entitlement. This entitlement increases on a linear scale and achieves 100% entitlement when the Company's performance is at the 90th percentile against the Peer Group.

The fair value of a market performance right (TSR) at grant date was $0.13 per right. The expected total cost of the estimated 779,234 fully paid ordinary shares to be issued in Imdex Limited will therefore be $105,000. This value will be expensed over the vesting period from November 2015 to June 2018, with $35,000 expensed in the current year.

The fair value of a non-market performance right (EPS) at grant date was $0.22 per right. For the purposes of the 2016 financial statements, the Directors have made an estimate that out of the 779,234 non-market performance rights issued, 50% will meet the required hurdles and will result in 389,617 fully paid Imdex Limited shares being issued. The expected total cost of the estimated 389,616 fully paid ordinary shares to be issued in Imdex Limited will therefore be $86,000. This value will be expensed over the vesting period from November 2015 to June 2018, with $29,000 expensed in the current year.

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2017	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights				
					Opening balance	Granted	Satisfied by the allocation/ allotment of shares	Expired ^	Closing balance
Tranche 7	5-Sep-11	Aug-15	-	2.100	18,750	-	(18,750)	-	-
Tranche 12	1-Jul-14	Oct-18	-	0.600	200,000	-	(200,000)	-	-
Tranche 13	1-Jul-14	Oct-18	-	0.600	102,487	-	(51,243)	-	51,244
Tranche 14	1-Jul-14	Jul-17	-	0.600	3,608,010	-	-	(1,009,237)	2,598,773
MD Tranche	16-Oct-14	Jul-17	-	0.630	723,226	-	-	-	723,226
Tranche 17	1-Jul-15	Jul-18	-	0.285	6,694,400	-	-	(669,341)	6,025,059
MD Tranche	20-Nov-15	Jul-18	-	0.235	1,558,468	-	-	-	1,558,468
Tranche 18	1-Jul-16	Jul-19	-	0.285	-	10,731,319	-	(176,471)	10,554,848
MD Tranche	25-Nov-16	Jul-19	-	0.620	-	2,268,946	-	-	2,268,946

2016	Grant Date	Expiry Date	Exercise Price $	Market Value at Grant Date $	Estimated Number of Performance Rights				
					Opening balance	Granted	Satisfied by the allocation/ allotment of shares	Expired ^	Closing balance
Tranche 7	5-Sep-11	Aug-15	-	2.100	492,500	-	(417,500)	(56,250)	18,750
MD Tranche	1-Jul-14	Jun-16	-	0.600	264,818	-	-	(264,818)	-
MD Tranche	17-Oct-13	Jun-16	-	0.780	300,000	-	-	(300,000)	-
Tranche 12	1-Jul-14	Oct-18	-	0.600	300,000	-	(100,000)	-	200,000
Tranche 13	1-Jul-14	Oct-18	-	0.600	153,730	-	(51,243)	-	102,487
Tranche 14	1-Jul-14	Jun-17	-	0.600	4,151,372	-	-	(543,362)	3,608,010
MD Tranche	16-Oct-14	Jun-17	-	0.630	723,226	-	-	-	723,226
Tranche 15	12-Jan-15	Jan-18	-	0.380	100,000	-	-	(100,000)	-
Tranche 16	12-Jan-15	Jan-17	-	0.380	75,000	-	(75,000)	-	-
Tranche 17	1-Jul-15	Jun-18	-	0.285	-	7,882,573	-	(1,188,173)	6,694,400
MD Tranche	20-Nov-15	Jun-18	-	0.235	-	1,558,468	-	-	1,558,468

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

Significant accounting estimates and assumptions

Share-based payments recorded for the performance rights are subject to estimation as they are calculated using the Black-Scholes option pricing, Binomial Tree Method or Monte-Carlo Simulation model, as appropriate, which is based on significant assumptions such as volatility, dividend yield, expected term and forfeiture rate.

5.5 Contingent Assets & Liabilities

The Group is party to legal proceedings and claims which arise in the normal course of business. Any liabilities may be mitigated by legal defences, insurance, and third party indemnities. Unless recognised as a provision (refer Note 4.6), management do not consider it to be probable that they will require settlement at the Group's expense.

As disclosed to the market on 21 March 2017, the Full Court of Australia ruled in favour of Australian Mud Company (AMC) and Imdex in an appeal heard against Coretell Pty Limited (Coretell). The Full Court also ordered that Coretell pay the legal costs of AMC and Imdex in both the original trial and the appeal. This is in addition to Coretell's costs liability in a related case regarding the infringement of two of AMC's patents in which damages are still to be assessed.

(i) Contingent Liabilities

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

(ii) Contingent Assets

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

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5.6 Key Management Personnel Compensation

The aggregate compensation of the Key Management Personnel of the Group and the Company is set out below:

	2017 $	2016 $
Short-term employee benefits	3,933,649	3,691,748
Post-employment benefits	146,106	180,597
Other long-term benefits	-	52,922
Termination benefits	30,360	116,350
Share-based payments	693,558	251,182
	4,803,673	4,292,799

5.7 Related party transactions

The Group receives revenue from VES relating to work performed on the research and development and repairs of target tools. Services to VES are provided on normal commercial terms and conditions.

	2017 $	2016 $
Profit from ordinary activities before income tax includes the following items of income		
Recharge Revenue from VES	47,755	246,164

As at 30 June 2017, VES did not owe the group any outstanding debts (2016: $251,000).

Other Transactions with Key Management Personnel (and their related parties) of Imdex Limited

(a) Mr K A Dundo was a Partner of the legal firm HopgoodGanim as at 30 June 2017, but is no longer a partner of HopgoodGanim. The legal services provided by HopgoodGanim to the Imdex Group were on normal commercial terms and conditions.

	2017 $	2016 $
Profit from ordinary activities before income tax includes the following items of income and expenses relating to transactions, other than compensation, with Directors or their related entities:		
Legal services expense	198,375	280,935

(b) Mr I Gustavino is a Partner of the consulting company Atrico Pty Ltd, that provided consulting services to the Imdex Group on normal commercial terms and conditions.

	2017 $	2016 $
Profit from ordinary activities before income tax includes the following items of income		
Consultancy expense	61,400	78,650
Total assets and liabilities arising from transactions, other than compensation, with		
Current Liabilities	-	12,760

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5.8 Auditor Remuneration

During the year, the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:

	2017 $	2016 $
Deloitte Touche Tohmatsu (Australia)		
Audit or review of the financial report	271,000	314,500
Other audit related services	11,800	19,600
Taxation services - mainly compliance work, transfer pricing and global restructuring advice	30,511	49,498
Other non-audit consulting	18,000	-
	331,311	383,598
Deloitte Touche Tohmatsu (overseas affiliates)		
Audit or review of the financial report	47,800	43,977
Taxation services - mainly compliance work, transfer pricing and global restructuring advice	86,714	-
Other non-audit services: Other consulting services	-	46,947
	134,514	90,924
Other auditors		
Audit or review of the financial report	57,936	27,237
Total Auditor Remuneration	523,761	501,759

5.9 Subsequent Events

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

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Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Imdex Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Imdex Limited **(**the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration .

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Recoverability of goodwill and long lived assets (Refer to Note 4.4 Goodwill)
 	
As at 30 June 2017, the carrying value of the Group's goodwill was $59.49 million. The goodwill is recorded within three of the Group's Cash Generating Units (CGUs) being AMC Minerals Asia Pacific, AMC Minerals South America and Reflex.
 	
Significant judgement is required in determining an estimate of the recoverable amount of the CGUs with a specific focus on the AMC Minerals Asia Pacific CGU, due to the economic climate for mining in Australia. Key assumptions were revenue growth over the forecast period, forecast gross margin percentage and applicable discount rates.
	Our procedures included, but were not limited to:
	
	• Evaluating management's process for developing cash flow forecasts,
	
	• Assessing the historical accuracy of managements forecasting,
	
	• Testing on a sample basis the mathematical accuracy of the underlying "value in use" calculations,
	
	• Assessing the consistency of the cash flow forecasts with Board approved budgets and the key assumptions were subject to oversight from the directors, and
	
	In conjunction with our valuation specialists, our procedures included, but were not limited to:
	
	• Assessing the following key assumptions used in management's cash flow forecasts;
	  ○ The revenue growth rates by comparing them with economic and industry forecasts,
	  ○ Gross margin percentage by Comparing the gross margin percentage with historical trends for the business, and
	  ○ Benchmarking post-tax discount rates used with comparable organisations.
	
	We also assessed the appropriateness of the disclosures in note 4.4 to the financial statements.

Assessment of deferred tax assets (Refer to Note 5.1 Taxation) As at 30 June 2017 the carrying value of the Group's net deferred tax asset totals $23.44 million, inclusive of $15.4 million of carry forward tax losses, of which the majority relate to Australia as disclosed in note 5.1.	Our audit procedures included, but were not limited to: • Evaluating management's process to estimate the recoverable amount of carry forward tax losses and confirm the availability of tax losses;

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Judgement is required in assessing management's forecasted taxable income and the expected utilisation of the recognised tax losses over the period.	• Evaluating management's forecast of future taxable income in Australia through assessing the key underlying assumptions such as future taxable income against historic performance and where appropriate external industry data; • Reviewing management's forecast of taxable income for consistency with the forecasts prepared for the purposes of assessing the recoverable value of the Company's Cash Generating Units; • Assessing the effect of business changes on the recognition of deferred tax assets including, the assessment of the advice provided by management's expert in relation to the jurisdiction in which the taxable income will be generated; • Reconciling the latest Board approved budget with management's forecast of future assessable profits; and • Performing sensitivity analysis to the forecasted future taxable income. We also assessed the appropriateness of the disclosures in note 5.1 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the directors' Report and Review of Operations which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Company Description (Imdex Group at a Glance), FY 17 Snapshot, Board of Directors and Governance report, Management and Personnel Report, Operational Review and Company History, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company Description (Imdex Group at a Glance), FY 17 Snapshot, Board of Directors and Governance report, Management and Personnel Report, Operational Review and Company History, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 2 to 14 of the Director's Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Imdex Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 18 August 2017

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Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Imdex Limited
216 Balcatta Road
Balcatta WA 6021

18 August 2017

Dear Board Members

Imdex Limited

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

As lead audit partner for the audit of the financial statements of Imdex Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

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and its controlled entities

ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 17 AUGUST 2017

(a) Distribution of Shareholders

	Number of Fully Paid Ordinary Shareholders	Number of Performance Rights Holders
1 – 1,000	475	-
1,001 – 5,000	949	
5,001 – 10,000	542	-
10,001 – 100,000	848	-
100,001 – and over	136	-
	2,950	-
Holding less than a marketable parcel	274	-

(b) Substantial Shareholders

Ordinary Shareholders	Fully Paid	
	Number	Percentage
HSBC Custody Nominees (Australia) Limited	123,697,422	33.66%
National Nominees Limited	38,744,151	10.54%
JP Morgan Nominees Australia Limited	34,307,859	9.34 %

(c) Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders	Fully Paid	
	Number	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	123,697,422	33.66%
NATIONAL NOMINEES LIMITED	38,744,151	10.54%
J P MORGAN NOMINEES AUSTRALIA LIMITED	34,307,859	9.34%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	22,906,642	6.23%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	18,916,587	5.15%
CITICORP NOMINEES PTY LIMITED	16,220,183	4.41%
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	8,063,699	2.19%
BNP PARIBAS NOMS PTY LTD <DRP>	7,828,479	2.13%
MR RICHARD HILL <ICENA ACCOUNT>	5,350,000	1.46%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,383,849	0.92%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	3,356,488	0.91%
UBS NOMINEES PTY LTD	3,265,695	0.89%
SHOMRON PTY LTD <LAMM FM FAMILY A/C>	3,141,977	0.86%
AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	2,669,550	0.73%
NATIONAL NOMINEES LIMITED <DB A/C>	1,911,182	0.52%
AEW HOLDINGS PTY LTD <AEW CAPITAL A/C>	1,818,183	0.49%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,677,031	0.46%
TELIC ALCATEL (AUSTRALIA) PTY LTD <MIDDENDORP DIRECTORS SF A/C>	1,514,076	0.41%
BPM CAPITAL LIMITED	1,500,000	0.41%
KEEBLE NOMINEES PTY LTD <RIDGEWAY SUPER FUND A/C>	1,254,010	0.34%
	301,527,063	**82.06%**

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ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 17 AUGUST 2017

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(d) Director and Company Secretary Shareholdings

Name	Number of Shares	Number of Options	Number of Performance Rights
Mr B W Ridgeway	2,398,052	-	4,550,640
Mr A Wooles	1,818,183	-	-
Mr K A Dundo	204,546	-	-
Mr I Gustavino	62,077	900,000	-
Ms S Layman	-	-	-
Mr P A Evans	408,164	-	1,559,191
	4,891,022	900,000	6,109,831

(e) Company Secretary

Mr Paul Anthony Evans

(f) Registered Office

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

(g) Share Registry

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

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216 Balcatta Road
Balcatta WA 6021
Australia

PO Box 1262
Osborne Park WA 6916
Australia

T +61 (0) 8 9445 4010
E imdex@imdexlimited.com

imdexlimited.com

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