



Intec Ltd

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Superior and Sustainable Metals Production

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ASX code: INL

Companies Announcements Office
Australian Securities Exchange

30 August 2013

Preliminary 2013 Financial Report (Appendix 4E)

Intec Ltd provides its Preliminary Final Report in accordance with Appendix 4E for the financial year ended 30 June 2013.

Yours faithfully

Intec Ltd

Kieran Rodgers
Managing Director



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Preliminary Final Report in accordance with Appendix 4E

Financial year ended 30 June 2013



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Particulars	Year ended	
	30 June 2013	30 June 2012
	\$	\$
Revenues and other income from continuing operations	1,065,853	2,825,389
(Loss) profit for year attributable to members	(2,626,224)	(3,038,921)
	Amount per security	Franked amount per security
Dividends		
Final dividend	Nil cents	Nil cents
Previous corresponding period	Nil cents	Nil cents
Record date for determining entitlement to dividend	Not applicable	Not applicable

Brief Explanation of any of the figures reported above

The Company and controlled entities (the Group) generated an operating loss after income tax of \$2,626,224 and net cash outflows from operations of \$828,709 in the year ended 30 June 2013. The operating loss included impairment expenses of \$872,977, comprising a write down in the carrying value of the Burnie Research Facility (\$705,590), a write down in the carrying value of shares held in Bass Metals Limited (\$66,187) and the reversal of a previous invoice issued in respect of the IRC project. As of balance date, the Group had net assets of \$4,042,968 and cash balances of \$3,402,821.

Hellyer Royalty

On 9 July 2012, the Group announced that it had agreed a re-structuring of the Hellyer Royalty with Bass Metals Ltd (BSM). As a result, the Group has been granted a 2.5% Net Smelter Return Royalty (NSR Royalty) in relation to base metals extracted from the following tenements:

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

The NSR Royalty is uncapped and BSM has no first right of refusal (or pre-emptive rights) over the NSR Royalty as was previously the case with the Hellyer Royalty. In addition, the Company was issued 15 million shares in BSM for nil consideration.

IRC Project

Stage 1 of the IRC Project involves the processing of 25,000tpa of zinc/lead bearing residues to generate Special High Grade zinc metal and lead metal together with other by-products as appropriate. The Final Milestone 1 Report, describing the results of the laboratory testing and development programme in Australia, was submitted to the client in August 2012. Subsequently, the Company completed an engineering design package for a pilot plant to be located near the project site. The pilot plant engineering design package forms a significant component of Milestone 2 of Stage 1 of the IRC Project with the other component being the construction of the pilot plant by a local service provider. The completion of the engineering design package largely completes Intec's component of Milestone 2. Milestone 3 is the operation of the pilot plant. The completed engineering design package will be delivered to the client upon receipt of an overdue payment due to Intec International Projects Pty Ltd (IIP, the 50/50 joint venture between Intec and Mr Reza Maghzian).

Burnie Research Facility

During the year, the Burnie Research Facility was operated on a campaign basis to treat waste material from the ACL Group (ACL) in Launceston. The five-week campaign treated waste accumulated from approximately nine months of ACL operations. The treatment campaign was profitable on a standalone cash basis before consideration of certain fixed costs and non-cash items. A further campaign was successfully conducted subsequent to year end.

Low-Grade Zinc Blending Project

Following completion of operations and a positive environmental audit of the Victorian stockpile site, EPA Victoria returned the remaining \$2.387 million security bond during the year. In addition, \$0.321 million of the remaining portion of the EPA Tasmania security bond was also returned during the year. The remaining amount of \$40,000 will be returned following EPA Tasmania approval of remediation works at the Hellyer site, which were carried out subsequent to year end.



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Corporate

On 27 November 2012, the Company announced a notice of intention to sell unmarketable parcels of shares. The time for relevant shareholders to notify the Company expired on 11 January 2013. In total, 1,964 shareholders holding in aggregate 15,507,624 shares declined to retain their shareholdings. The aggregated shareholding was sold on-market on 18 January 2013. The proceeds from the sale have been distributed to relevant shareholders after deduction of certain costs of the sale in accordance with the Company's Constitution.

The Company continued to review corporate and asset acquisition opportunities, while preserving its cash resources through careful cost control.

Events Occurring after Balance Date

No significant matters occurred after balance date other than those specifically referred to above.



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**Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013**

	Year ended	
	30 June 2013	30 June 2012
	\$	\$
Revenue	1,065,853	2,825,389
Administration expense	(449,071)	(571,254)
Burnie Research Facility expenses	(71,930)	(135,695)
Depreciation and amortisation expense	(834,180)	(858,610)
Engineering and other consultants expenses	(83,964)	(761,152)
Employee benefits expense	(1,120,696)	(2,492,701)
Finance costs	(3,177)	(40,927)
Recouped security bond	121,230	3,647,500
Impairments expense	(872,977)	(491,846)
Occupancy expense	(227,646)	(323,272)
Research and development expenses	(10,133)	(271,091)
Treatment expense	(120,538)	(2,326,701)
Other expenses	(18,995)	(54,360)
(Loss)/Profit before income tax	<u>(2,626,224)</u>	<u>(1,854,720)</u>
Income Tax	-	-
Net (Loss)/Profit for the year	(2,626,224)	(3,038,921)
Other comprehensive (loss)/income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive (loss)/income for the year, net of income tax	-	-
Total comprehensive (loss)/income for the year	<u>(2,626,224)</u>	<u>(3,038,921)</u>
(Loss)/Profit attributable to:		
Owners of Intec Ltd	(2,567,869)	(3,098,238)
Non-controlling interests	(58,355)	59,317
	<u>(2,626,224)</u>	<u>(3,038,921)</u>
	Cents	Cents
Basic (loss)/profit per share	(0.88)	(1.25)
Diluted (loss)/profit per share	(0.88)	(1.25)



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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Year ended	
	30 June 2013	30 June 2012
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,402,821	1,399,941
Trade and other receivables	100,017	544,836
Cash on Deposit - Environmental bonds	40,000	2,740,359
Inventories	27,509	29,737
Total current assets	<u>3,570,347</u>	<u>4,714,873</u>
Non current assets		
Trade and other receivables	-	386,630
Other financial assets	205,100	45,739
Plant and equipment	501,100	2,040,857
Intangible assets	10,000	10,000
Total non current assets	<u>716,200</u>	<u>2,483,226</u>
Total assets	<u>4,286,547</u>	<u>7,198,099</u>
LIABILITIES		
Current liabilities		
Trade and other payables	119,294	406,713
Provisions	124,286	121,230
Total current liabilities	<u>243,580</u>	<u>527,943</u>
Noncurrent liabilities		
Trade and other payables	-	964
Total non current liabilities	<u>-</u>	<u>964</u>
Total liabilities	<u>243,580</u>	<u>528,907</u>
Net assets	<u>4,042,968</u>	<u>6,669,192</u>
EQUITY		
Contributed equity	71,641,977	71,641,977
Reserves	2,624,037	2,624,037
Accumulated losses	(70,224,008)	(67,656,139)
Total equity attributable to equity holders of the Company	<u>4,042,006</u>	<u>6,606,875</u>
Non-controlling interest	962	59,317
Total equity	<u>4,042,968</u>	<u>6,669,192</u>



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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Share Capital	Reserves	Accumulated Losses	Non Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	70,415,552	2,577,677	(64,557,518)	-	8,435,711
Comprehensive income					
Loss after income tax expense for the year	-	-	(3,098,238)	59,317	(3,038,921)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,098,238)	-	(3,038,921)
Transactions with owners in their capacity as owners					
Issue of shares, net of transaction costs	1,226,425	-	-	-	1,226,425
Employee options granted	-	46,360	-	-	46,360
Total transactions with owners in their capacity as owners	1,226,425	46,360	-	-	1,272,785
Balance at 30 June 2012	<u>71,641,977</u>	<u>2,624,037</u>	<u>(67,656,139)</u>	<u>59,317</u>	<u>6,669,192</u>
Balance at 1 July 2012	71,641,977	2,624,037	(67,656,139)	-	6,669,192
Comprehensive income					
Loss after income tax expense for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,567,869)	(58,355)	(2,626,224)
Transactions with owners in their capacity as owners					
Issue of shares, net of transaction costs	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 30 June 2013	<u>71,641,977</u>	<u>2,624,037</u>	<u>(70,224,008)</u>	<u>962</u>	<u>4,042,968</u>



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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Year ended	
	30 June 2013	30 June 2012
	\$	\$
Cash flows from operating activities		
Receipts from customers	758,165	3,075,226
Payments to suppliers and employees	(2,282,506)	(7,745,088)
Interest paid	(3,535)	(37,862)
Interest received	174,863	242,111
R&D tax offset received	497,859	-
Other receipts	26,445	1,135,285
Net cash (outflows)/inflows from operating activities	(828,709)	(3,330,328)
Cash flows from investing activities		
Payments for plant and equipment	-	280,454
Proceeds from security deposits refunded	2,821,589	1,642,938
Proceeds from sale or disposal of property, plant & equipment	10,000	49,000
Payment for shares in listed companies	-	(465,000)
Net cash inflows/(outflows) from investing activities	2,831,589	946,484
Cash flows from financing activities		
Proceeds from issues of shares	-	1,250,000
Share issue costs	-	23,575
Net cash inflows from financing activities	-	1,226,425
Net (decrease)/(increase) in cash and cash equivalents	2,002,880	(1,157,418)
Cash and cash equivalents at the beginning of the financial year	1,399,941	2,557,359
Cash and cash equivalents at end of year	3,402,821	1,399,941



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Reconciliation of cash

	Year ended	
	30 June 2013	30 June 2012
	\$	\$
Reconciliation of cash at the end of the year (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:		
Cash on hand and at bank	<u>3,402,821</u>	<u>1,399,941</u>
Total cash at end of financial year	<u>3,402,821</u>	<u>1,399,941</u>
Operating profit/(loss) after income tax	(2,626,224)	(3,038,922)
Non cash items and non operating cash flows included in statement of comprehensive income		
Administration expenses	150,463	785,667
Depreciation and amortisation	834,180	858,610
(Recouped)/expensed environmental bond	(2,821,589)	(3,647,500)
Hellyer royalty written-off	-	1,184,201
Impairments expense	771,777	491,846
Options expense/(income)	-	46,360
Unrealised foreign exchange loss	-	2,660
	<u>(3,691,393)</u>	<u>(3,317,078)</u>
Changes in assets and liabilities		
Decrease/(increase) in receivables	444,819	2,900,000
Decrease/(increase) in environmental bonds	2,700,000	1,486,654
Decrease/(increase) in inventories	2,228	9,596
Increase/(decrease) in trade creditors	(163,133)	(762,000)
Decrease/(increase) in provisions	(121,230)	(3,647,500)
	<u>2,862,684</u>	<u>(13,250)</u>
Net cash (outflows)/inflows from operating activities	<u>(828,709)</u>	<u>(3,330,328)</u>



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Control gained or loss of control over entities having material effect

Control gained over entities having material effect

Name of entity (or group of entities)	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired:	Not applicable
Date from which such profit (loss) has been calculated:	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period:	Not applicable

Loss of control of entities having material effect

Name of entity (or group of entities)	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) to the date of loss of control:	Not applicable
Date to which such profit (loss) has been calculated:	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period:	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from the sale of the interest leading to the loss of control:	Not applicable

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlements to the dividend	Not applicable
No final dividend has been declared	Not applicable

Consolidated accumulated losses

	30 June 2013	30 June 2012
	\$	\$
Accumulated losses at the beginning of the financial year	(67,656,139)	(64,557,518)
Net profit (loss) attributable to members	<u>(2,567,869)</u>	<u>(3,098,238)</u>
Accumulated losses at the end of the financial year	<u>(70,224,008)</u>	<u>(67,656,139)</u>



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Other notes to the condensed financial statements

	30 June 2013	30 June 2012
Ratios		
Profit/(loss) before tax/revenue and other income		
Consolidated profit/(loss) before tax as a percentage of revenue and other income	(246.40)%	(111.95)%
Profit/(loss) after tax/equity interests		
Consolidated net profit/(loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	(64.94)%	(46.87)%
NTA Backing		
Net tangible assets per ordinary share (cents per share)	1.35c	2.22c
Earnings per security (EPS)		
Profit/(loss) per share from continuing operations attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	(0.88)	(1.25)
Diluted earnings (loss) per share (cents per share)	(0.88)	(1.25)
Profit (loss) per share attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	(0.88)	(1.25)
Diluted earnings (loss) per share (cents per share)	(0.88)	(1.25)
Weighted average number of ordinary shares outstanding during the period used in calculating the basic earnings (loss) per share	299,818,669	243,002,604
Weighted average number of ordinary shares outstanding during the period used in calculating the basic earnings (loss) per share	299,818,669	243,002,604



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2013 Audit

The financial report is based on accounts which are in the process of being audited. The audit report is expected to contain a qualification in respect of the carrying value of the Burnie Research Facility. Please refer below to the Directors' response to this matter.

Basis of Preparation

The financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs except as modified by revaluation of certain non-current assets and, except where stated, does not take into account either changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The Company and controlled entities (the Group) generated an operating loss after income tax of \$2,626,224 and net cash outflows from operations of \$828,709 in the year ended 30 June 2013. The operating loss included impairment expenses of \$872,977, comprising a write down in the carrying value of the Burnie Research Facility (\$705,590), a write down in the carrying value of shares held in Bass Metals Limited (\$66,187) and the reversal of a previous invoice issued in respect of the IRC project. As of balance date, the Group had net assets of \$4,042,968 and cash balances of \$3,402,821.

Going Concern Basis

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

Burnie Research Facility

The carrying value of the Burnie Research Facility is \$300,000 at 30 June 2013 following an impairment expense of \$705,590. This carrying value has been determined by the Directors using the methodology of discounted cashflow analysis. The Group generated revenue through the Burnie Research Facility through the treatment of industrial wastes for the year to 30 June 2013 and has continued to do so subsequent to year end.

Accounting Policies

The Appendix 4E does not include notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and the financing and investing activities of the Group as the full financial report.

The Appendix 4E should be read in conjunction with the Half-year Financial Report of Intec as at 31 December 2012 and the Annual Financial Report of Intec, due to be released in September 2013, for the year ended 30 June 2013. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group during the year ended 30 June 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

Material Factors Affecting the Revenues and Expenses of the Economic Entity for the Current Year

A material factor affecting revenue during the current year was the receipt of \$497,859 as an R & D Tax Offset. A material factor affecting expenses during the current year was an impairment expense of \$872,977 relating to the Burnie Research Facility, shares held in Bass Metals Limited and the reversal of a previous invoice issued in respect of the IRC project.

No other matters or circumstances have arisen since 30 June 2013 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

There are no franking credits available. The Company is not expected to declare a dividend in the short term.

Compliance Statement

The financial report is based on accounts which are in the process of being audited. The audit report is expected to contain a qualification in respect of the carrying value of the Burnie Research Facility.



Kieran Rodgers
Managing Director

30 August 2013



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