



# Intec Ltd

ABN 25 001 150 849

*Superior and Sustainable Metals Production*

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ASX code: INL

## HALF-YEARLY REPORT

**31 DECEMBER 2012**



ASX code: INL

# Corporate Directory

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## Directors

Trevor A Jones (Chairman and Non-executive Director)  
Kieran G Rodgers (Managing Director)  
James R G Bell (Non-executive Director)

## Group Company Secretary

Robert J Waring

## Senior Management

Dave L Sammut (Corporate Development Manager)  
Adam J Randall (General Manager – Tasmania)

## Principal Registered Office

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Website: [www.intec.com.au](http://www.intec.com.au)

## Burnie Research Facility

P.O. Box 666  
20 River Road  
Burnie TAS 7320 Australia  
Telephone: (+61 3) 6431 6156  
Facsimile: (+61 3) 6431 3629

## Share Registry

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000 Australia  
PO Box 3993  
Sydney NSW 2001 Australia  
Telephone: (+61 2) 9290 9600  
Facsimile: (+61 2) 9279 0664

Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## Stock Exchange Listings and Trading Platform Listings

Intec Ltd shares are listed or traded on:  
the Australian Securities Exchange (Code: INL);  
the Deutsche Börse (Code: INF);  
and as American Depository Receipts on:  
The OTC Markets (Code: ICLJY)

## Auditor

Crowe Horwath Sydney  
Level 15, 1 O'Connell Street  
Sydney NSW 2000 Australia



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## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Intec Ltd (Intec or the Company) and the entities it controlled (the Group) for the half-year ended 31 December 2012.

### Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below.

Trevor A Jones (Chairman and Non-executive Director)  
Kieran G Rodgers (Managing Director)  
James R G Bell (Non-executive Director)

### Review of Operations

The Group incurred a loss after providing for income tax for the half-year to 31 December 2012 of \$821,000 (2011 – loss of \$3,272,000). The size of the loss was in part due to the accounting treatment of an outstanding invoice for the IRC project.

Revenues from continuing operations were generated from ongoing recycling operations at Burnie, sales of low-grade zinc product, the IRC Project, receipt of an R & D Tax Offset and other minor sources.

The Group incurred net cash outflows from operations of \$683,000 for the half-year ended 31 December 2012. As of balance date, the Group had net assets of \$5,850,000 and cash balances of \$3,552,000.

### IRC Project

The laboratory component of the IRC Project was completed during the June 2012 Quarter. During the half-year the focus of Intec's activity shifted to reporting and engineering. An 'Interim Milestone 1 Report' was published in July 2012, and the 'Final Milestone 1 Report' was published in August 2012.

Furthermore, the Company's 50% owned entity, Intec International Projects Pty Ltd (IIP), completed its engineering package for the pilot plant setup. IIP is currently awaiting an overdue payment before the engineering package is released to the client, and expects that this payment will be released as soon as possible to limit the delays being caused by the overdue payment. Following handover of the engineering package, the local contractor will require a period of time to enact the equipment setup, following which pilot plant operations can then commence.

The Company continues carefully to monitor the delivery of its services to the IRC Project, in order to remain compliant with its obligations under both Australian and international law, including the most recent updates to the regulatory regime.

### Burnie Research Facility

During the period the Burnie Research Facility was operated on a campaign basis to treat waste material from the ACL Group (ACL). 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.

### Low-Grade Zinc Blending Project

Following completion of operations and a positive environmental audit of the Victorian stockpile site during the June quarter of 2012, EPA Victoria returned the remaining \$2.387 million security bond during the half-year. The Group also exited the Footscray storage site and recovered the full amount of its tenancy bond.

Final payments on all outstanding shipments of low-grade zinc material were received during the half-year. In addition, \$0.313 million of the remaining portion of the EPA Tasmania security bond was returned. A residual bond of \$40,000 remains in place at Hellyer pending the completion of minor remediation works.

### Hellyer Royalty

During the half-year, the Company finalised an agreement with Bass Metals Limited (BSM) to re-structure the Hellyer Royalty. This re-structuring resulted in Intec being granted a 2.5% Net Smelter Return Royalty in relation to any base metals produced from BSM's Hellyer-Que River tenement portfolio. In addition, Intec was granted 15 million BSM shares for nil consideration. The Company received a payment of \$454,000 during the half-year from BSM's processing activities at Hellyer during the June 2012 Quarter under the previous Hellyer Royalty.



### Corporate

The Company's Annual General Meeting (AGM) was held on 13 November 2012. All resolutions were passed. The Company continues with the strategy as outlined in the Chairman's address at the AGM:

1. continuance of the IRC Project, subject to on-going Federal Government approvals and the receipt of pre-payments from the client, as it represents a material body of paid commercial work that covers the cost of employees assigned to the project;
2. continued investigation of alternative value realisation strategies for certain components of its technology portfolio including the Burnie Research Facility;
3. preservation of its financial position to all extents possible, without resort to shareholders; and
4. the investigation of corporate and asset acquisition opportunities.

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 brokerage costs in accordance with the Company's Constitution.

### Events occurring after the reporting date

Subsequent to the half-year end, the Company received an R & D Tax Offset for an amount of \$497,000. This receipt has been included in the financial statements, as a receivable, for the period ending 31 December 2012. No other events have occurred subsequent to 31 December 2012 requiring disclosure in, or amendment to, these interim financial statements.

### Auditor's Independence Declaration

An independence declaration from the Company's auditor, Crowe Horwath, Sydney is included on page 15 of the financial report.

This report is made in accordance with a resolution of the Company's Directors.



Kieran G. Rodgers  
**Managing Director**

25 February 2013



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## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year	
	31 December 2012	31 December 2011
	\$'000	\$'000
Revenue from continuing operations	965	597
Administration expense	(191)	(299)
Demonstration plant expenses	(50)	(145)
Depreciation and amortisation expense	(406)	(428)
Employee benefits expense	(692)	(1,267)
Engineering and other consultants expenses	(152)	(96)
Finance costs	(3)	(20)
Impairment expense	(35)	(139)
Metals recovery costs	(119)	(1,227)
Occupancy expense	(136)	(174)
Research and development expenses	(2)	(20)
Other expenses	-	(54)
Profit/(loss) before income tax	(821)	(3,272)
Income tax expense/(benefit)	-	-
Profit/(loss) for the half-year	(821)	(3,272)
Other comprehensive income/(loss)	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income/(loss) for the period net of income tax	-	-
Total comprehensive income/(loss) for the period	(821)	(3,272)
Profit/(loss) is attributable to:		
Owners of Intec Ltd	(866)	(3,322)
Non-controlling interests	45	50
	(821)	(3,272)
Basic Earnings per share (cents per share)	(0.27)	(1.51)
Diluted Earnings per share (cents per share)	(0.27)	(1.51)

*The accompanying notes form part of these financial statements.*



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## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	31 December 2012 \$'000	30 June 2012 \$'000
<b>Current assets</b>			
Cash and cash equivalents		3,552	1,400
Trade and other receivables		1,154	526
Cash on Deposit - Environmental bonds	3	40	2,740
Inventories		33	33
Other current assets		42	18
<b>Total current assets</b>		<b>4,821</b>	<b>4,717</b>
<b>Non-current assets</b>			
Trade and other receivables		39	386
Other financial assets	4	115	46
Plant and equipment	5	1,642	2,041
Intangible assets		10	10
<b>Total non-current assets</b>		<b>1,806</b>	<b>2,483</b>
<b>Total assets</b>		<b>6,627</b>	<b>7,200</b>
<b>Current liabilities</b>			
Trade and other payables		278	407
Deferred revenue	6	499	-
Provisions		-	121
<b>Total current liabilities</b>		<b>777</b>	<b>528</b>
<b>Non-current liabilities</b>			
Other		-	1
<b>Total non-current liabilities</b>		<b>-</b>	<b>1</b>
<b>Total liabilities</b>		<b>777</b>	<b>529</b>
<b>Net assets</b>		<b>5,850</b>	<b>6,671</b>
<b>Equity</b>			
Contributed equity		71,642	71,642
Reserves		2,624	2,624
Accumulated losses		(68,520)	(67,654)
Total equity attributable to equity holders of the Company		5,746	6,612
Non-controlling interest		104	59
<b>Total equity</b>		<b>5,850</b>	<b>6,671</b>

The accompanying notes form part of these financial statements.



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**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Non Controlling Interest \$'000	Total \$'000
<b>Balance at 1 July 2011</b>	70,416	2,577	(64,556)	-	8,437
Employee options granted	-	-	-	-	47
Total comprehensive income for the period	-	47	(3,322)	50	(3,272)
<b>Balance at 31 December 2011</b>	<u>70,416</u>	<u>2,624</u>	<u>(67,878)</u>	<u>50</u>	<u>5,212</u>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2012</b>	<b>71,642</b>	<b>2,624</b>	<b>(67,654)</b>	<b>59</b>	<b>6,671</b>
Employee options granted	-	-	-	-	-
Total comprehensive income for the period	-	-	(866)	45	(821)
<b>Balance at 31 December 2012</b>	<u><b>71,642</b></u>	<u><b>2,624</b></u>	<u><b>(68,520)</b></u>	<u><b>104</b></u>	<u><b>5,850</b></u>

*The accompanying notes form part of these financial statements.*



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## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year 31 December 2012 \$'000	31 December 2011 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	761	1,067
Payment to suppliers and employees	(1,535)	(3,705)
Interest paid	0	(19)
Interest received	91	148
Other income	-	97
Net cash (outflows)/inflows from operating activities	<u>(683)</u>	<u>(2,412)</u>
<b>Cash flows from investing activities</b>		
Sale/(Acquisition) of plant and equipment	10	(240)
Proceeds from security deposits refunded	2,825	383
Net cash (outflows)/inflows from investing activities	<u>2,835</u>	<u>143</u>
Net increase/(decrease) in cash held	2,152	(2,269)
Cash at the beginning of the financial period	1,400	2,557
Cash at the end of the financial period	<u>3,552</u>	<u>288</u>

*The accompanying notes form part of these financial statements.*



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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated financial report for the half-year to 31 December 2012 is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report does not include all 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 financing and investing activities of the Group as the annual financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Intec as at 30 June 2012. It is also recommended that the half-year financial report be considered together with any public announcements made by Intec during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### Significant Accounting Policies Adopted During The Half-Year

No significant accounting policies have been adopted in the current half year.

The accounting policies are consistent with those of the previous financial year.

Revenue from continuing operations of \$965,000 are shown in the following table:

<b>Revenue from continuing operations</b>	<b>31 December 2012</b>	31 December 2011
	<b>\$'000</b>	\$'000
Technical income	<b>308</b>	30
Interest received	<b>99</b>	129
Foreign currency exchange gain/(loss)	<b>24</b>	20
Other income	<b>534</b>	418
<b>Total revenue from continuing operations</b>	<b>965</b>	597

Revenues from continuing operations were generated from ongoing recycling operations at Burnie, sales of low-grade zinc product, the IRC Project, receipt of an R & D Tax Offset and other minor sources.

### Going Concern Basis

This 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 interim financial statements on a going concern basis.

### NOTE 2: SEGMENT INFORMATION

The Group currently operates in one business segment. However, a discontinued operation relating to previous activities at the Hellyer Minesite, now owned by another party, does have a continuing impact on the financial statements; refer Note 4 – Other Financial Assets.

### NOTE 3: CASH ON DEPOSIT - ENVIRONMENTAL BONDS

An environmental bond of \$40,000 (2011 – total environmental bonds outstanding \$2,740,000) remains lodged with the Tasmanian Government in respect of a prior stockpile of EAF dust at the Hellyer Minesite, now owned by another party. The Tasmanian bond is classified as a current asset. There is no provision raised against the Tasmanian bond. Since 30 June 2012 all other environmental bonds have been repaid.



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4: OTHER FINANCIAL ASSETS

The Group holds an investment in BSM. The closing market price at 31 December 2012 of BSM shares was 0.6 cents and the BSM options were 0.1 cents valuing the Group's holding at \$111,700 (18,100,000 shares at 0.6 cents/share and 3,100,000 options at 0.1 cents/option). An impairment expense of \$353,300 was therefore raised against the BSM investment book value of \$465,000.

### NOTE 5: PLANT & EQUIPMENT

#### Burnie Research Facility

The carrying value of the Burnie Research Facility is \$1,358,368 at 31 December 2012. The Directors consider that no adjustment is currently necessary to the carrying value of the Burnie Research Facility at 31 December 2012.

### NOTE 6: DEFERRED REVENUE

Deferred revenue refers to the recognition of a portion of the second payment due in relation to the IRC project.

### NOTE 7: EVENTS OCCURRING AFTER REPORTING DATE

The Research and Development tax offset claim, accounted for in the December half year was received in January 2013.

No events have occurred subsequent to 31 December 2012 requiring disclosure in, or amendment to, these interim financial statements.

### NOTE 8: ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED BY THE ENTITY

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption, but the Group has not yet done so.



## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 11 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Intec Ltd.

On behalf of the Board



Kieran G. Rodgers  
**Managing Director**

25 February 2013



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTEC LTD



**Crowe Horwath Sydney**  
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A WHK Group Firm

### INDEPENDENT AUDITOR'S REPORT to the members of Intec Limited

#### Report on the Financial Report

We have reviewed the accompanying half-year financial report of Intec Limited and Controlled Entities (the group), which comprises the consolidated condensed statement of financial position as at 31 December 2012, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the group.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2012 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Matters relating to Electronic Publication of the Audited Financial Report*

This review report relates to the financial report of the group for the half-year ended 31 December 2012 included on the website of Intec Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.



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 Each member firm of Crowe Horwath is a separate and independent legal entity.*



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTEC LTD



### *Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the group, would be in the same terms if provided to the directors as at the time of this auditor's review report.

### *Qualification*

The Burnie Research Facility has a carrying value of \$1,358,368 as at 31 December 2012 (30 June 2012: \$1,713,099). We were unable to obtain sufficient appropriate audit evidence regarding the recoverable value of this facility.

### *Conclusion*

Based on our review, which is not an audit, except for the effect of the matters referred to above we have not become aware of any matter that makes us believe that the half-year financial report of the group is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

**CROWE HORWATH SYDNEY**

*Crowe Horwath Sydney*

*Russell*

**LEAH RUSSELL  
PARTNER**

Dated this 25th day of February 2013



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## AUDITOR'S INDEPENDENCE DECLARATION



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A WHK Group Firm

The Board of Directors  
Intec Limited  
PO Box 1507  
North Sydney NSW 2059

25 February 2013

Dear Board Members

### INTEC LIMITED AND CONTROLLED ENTITIES

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

As lead audit principal for the review of the half-year financial statements of Intec Limited and Controlled Entities for the financial period ended 31 December 2012, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

*Leah Russell*

**LEAH RUSSELL**  
Partner  
Chartered Accountant



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