

# Intec Ltd

ABN 25 001 150 849

## Half year report in accordance with Appendix 4D

Period ending 31 December 2003

### Results for announcement to the market

Revenues from ordinary activities	up	180%	to	543,174
Loss from ordinary activities after tax attributable to members	down	13%	to	(1,056,855)
Net loss for the period attributable to members	down	13%	to	(1,056,855)
<b>Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend		Nil ¢		Nil ¢
Previous corresponding period		Nil ¢		Nil ¢

Record date for determining entitlements to the dividend

Not applicable

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

**During the half year to 31 December 2003, the Group continued the development and commercialisation of the Intec Processes for base and precious metals.**

**The newly-designed and patented electrowinning cell for the Intec Copper Process was operated at commercial scale to produce several tonnes of dendritic copper product. The compacted dendrites were shipped to the facilities of Rautomead International in Scotland where they were successfully converted into oxygen-free value-added copper wirerod.**

**Intec Gold Process (IGP) pilot plant was constructed within time and budget, and a pre-commissioning campaign was successfully carried out, during the December 2003 quarter.**

**On 11 September 2003 Intec issued 87,623,490 new ordinary shares at 3 cents per share which raised \$2,628,705.**

**On 31 December 2003 IVNL Hellyer Metals Pty Ltd (an associated company) announced the acquisition of the Hellyer Metals Project for \$1.6 million which was completed on 30 January 2004. Since 31 December 2003 IVNL Hellyer Metals Pty Ltd became a wholly-owned controlled entity of Intec Ltd and has changed its name to Intec Hellyer Metals Pty Ltd.**

**On 17 February 2004 Intec announced approval by the Federal Government of a \$1.43 million R&D Start Grant for the IGP pilot plant. The plant is presently treating polymetallic tailings from the Hellyer Metals Project.**

**On 20 February 2004 Intec announced a placement of 15 million ordinary shares at 11 cents to raise \$1.65 million.**

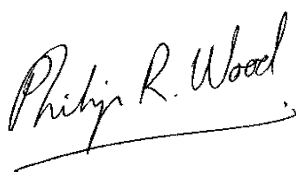
## NTA Backing

	Half-year ended 31 December 2003	Year ended 30 June 2003
Net tangible assets per ordinary share	0.9 cents	0.3 cents

## Other comments

Refer to the attached Directors' Report included in the half-year financial report for other comments on results for the period.

- **Audit Review:** The report is based on the attached half-year financial report, which has been reviewed (audit review report attached).
- **Changes in control over entities:** There were no entities over which control has been gained or lost during the period
- **Details of dividends and dividend reinvestment plans:** No dividends have been declared or proposed
- **Details of associates of joint ventures:** Not applicable
- **Foreign entities:** Not applicable



Philip R Wood  
Managing Director  
Chief Executive Officer

26 February 2004

# Intec Ltd

ASX Code: INL  
ABN 25 001 150 849

*Superior and Sustainable Metals Production*

Gordon Chiu Building J01  
Department of Chemical Engineering  
Maze Crescent  
University of Sydney NSW 2006  
Australia



Telephone: +612-9351-6741  
Facsimile: +612-9351-7180  
Email: [mail@intec.com.au](mailto:mail@intec.com.au)  
Website: [www.intec.com.au](http://www.intec.com.au)

## HALF-YEARLY REPORT

**31 DECEMBER 2003**

# Intec Ltd

ABN 25 001 150 849

## Corporate directory

<b>Directors</b>	Kenneth J Severs Philip R Wood A John Moyes J Philip Evans Ian W Ross (appointed 19 September 2003) Gordon L Toll
<b>Secretary</b>	Robert J Waring
<b>Registered and Administration Office</b>	Gordon Chiu Building, J01, Department of Chemical Engineering Maze Crescent University of Sydney NSW 2006 Telephone: +61 2 9351 6741 Facsimile: +61 2 9351 7180 Email: <a href="mailto:mail@intec.com.au">mail@intec.com.au</a> Website: <a href="http://www.intec.com.au">www.intec.com.au</a>
<b>Share Registry</b>	Registries Limited Level 2, 28 Margaret Street, Sydney NSW 2000 PO Box R67, Royal Exchange, Sydney NSW 1223 Telephone: +612 9290 9600 Facsimile: +61 2 9279 0664
<b>Auditors</b>	PricewaterhouseCoopers Darling Park Tower 2, 201 Sussex Street Sydney NSW 1171
<b>Bankers</b>	Commonwealth Bank of Australia
<b>Stock Exchange Listing</b>	Listed on Australian Stock Exchange Limited ASX Code: INL
<b>Share Capital</b>	At 26 February 2004, the Company had 248,662,632 fully paid ordinary shares and 10,747,134 options on issue.

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# Intec Ltd

## Directors' report

Your Directors present their report on the consolidated entity consisting of Intec Ltd (Intec) and the entities it controlled for the half-year ended 31 December 2003.

### 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. Directors were in office for this entire period unless otherwise stated.

Kenneth J Severs (Non-Executive Chairman)  
Philip R Wood (Managing Director and Chief Executive Officer)  
A John Moyes (Technical Director)  
J Philip Evans (Non-Executive Director)  
Ian W Ross (Non-Executive Director) (appointed 19 September 2003)  
Gordon L Toll (Non-Executive Director)

### Review of operations

The net loss of the consolidated entity after providing for income tax amounted to \$811,267 (2002 - loss \$1,218,993).

The principal activities of the consolidated entity during the half-year were the continued the development and commercialisation of the Intec Processes for base and precious metals. The newly-designed and patented electrowinning cell for the Intec Copper Process was operated at commercial scale to produce several tonnes of dendritic copper product. The compacted dendrites were shipped to the facilities of Rautomead International in Scotland where they were successfully converted into oxygen-free value-added copper wirerod.

Intec Gold Process (IGP) pilot plant was constructed within time and budget, and a pre-commissioning campaign was successfully carried out, during the December 2003 quarter.

### Events occurring after reporting date

On 31 December 2003, Intec announced that IVNL Gold Pty Ltd (since renamed Intec Hellyer Metals Pty Ltd) had reached agreement with the Receivers and Managers of Western Metals Copper Limited (In Liquidation) for the purchase of the Hellyer Metals Project for A\$1,597,973. Formal completion of this transaction took place on 30 January 2004.

On 17 February 2004, Intec announced the approval by the Federal Government of a R&D Start Grant totalling \$1.43 million.

On 20 February 2004 Intec announced a placement of 15 million ordinary shares at 11 cents to raise \$1.65 million.

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



Philip R Wood  
Managing Director  
Chief Executive Officer

Sydney

26 February 2004

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# Intec Ltd

## Consolidated statement of financial performance

for the half-year ended 31 December 2003

	Half-year	
	31 December 2003	31 December 2002
	\$	\$
Revenue from operating activities	509,045	105,975
Revenue from outside operating activities	34,129	87,685
<b>Revenue from ordinary activities</b>	<b>543,174</b>	<b>193,840</b>
Administration expense	(186,195)	(113,319)
Depreciation and amortisation expense	(29,316)	(27,429)
Employee benefits expenses	(928,353)	(822,288)
Engineering and other consultants expenses	(85,261)	(70,843)
Marketing expenses	-	(13,830)
Occupancy expense	(101,536)	(74,438)
Patent fees	(58,771)	(76,817)
Research and development expenses	(75,529)	(11,356)
Other expenses from ordinary activities	(135,068)	(202,511)
<b>Loss from ordinary activities before income tax expense</b>	<b>(1,056,855)</b>	<b>(1,218,993)</b>
<b>Income tax benefit relating to ordinary activities</b>	<b>245,587</b>	<b>-</b>
<b>Net loss attributable to the members of Intec Ltd</b>	<b>(811,268)</b>	<b>(1,218,993)</b>
Basic loss per share (cents per share)	0.41	0.90
Diluted loss per share (cents per share)	0.41	0.90

# Intec Ltd

## Consolidated statement of financial position

as at 31 December 2003

	31 December 2003 \$	30 June 2003 \$
<b>Current assets</b>		
Cash assets	1,676,999	733,591
Receivables	20,000	44,908
Other current assets	242,542	3,564
Total current assets	<u>1,939,541</u>	<u>782,063</u>
<b>Non-current assets</b>		
Plant and equipment	<u>375,238</u>	<u>101,174</u>
Total non-current assets	<u>375,238</u>	<u>101,174</u>
Total assets	<u>2,314,779</u>	<u>883,237</u>
<b>Current liabilities</b>		
Payables	<u>220,024</u>	<u>431,145</u>
Total current liabilities	<u>220,024</u>	<u>431,145</u>
<b>Non-current liabilities</b>		
Provisions	<u>53,978</u>	<u>42,962</u>
Total non-current liabilities	<u>53,978</u>	<u>42,962</u>
Total liabilities	<u>274,002</u>	<u>474,107</u>
Net assets	<u>2,040,777</u>	<u>409,130</u>
<b>Equity</b>		
Contributed equity	32,194,159	29,751,244
Accumulated losses	(30,153,382)	(29,342,114)
Total equity	<u>2,040,777</u>	<u>409,130</u>

# Intec Ltd

## Consolidated statement of cash flows

for the half-year ended 31 December 2003

	31 December 2003 \$	Half-year 31 December 2002 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	9,045	10,517
Receipts from related parties	500,000	-
Payment to suppliers and employees	(1,745,192)	(1,291,473)
Income tax refund	245,587	-
Interest received	34,129	84,822
Net cash flows (from) operating activities	<u>(956,431)</u>	<u>(1,196,134)</u>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(303,380)	(191,995)
Proceeds from sale of plant and equipment	-	12,863
Deposit paid on Hellyer acquisition	<u>(239,696)</u>	<u>-</u>
Net cash flows (from) investing activities	<u>(543,076)</u>	<u>(179,132)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,628,705	-
Share issue costs	<u>(185,790)</u>	<u>(3,000)</u>
Net cash flows from financing activities	<u>2,442,915</u>	<u>(3,000)</u>
Net increase (decrease) in cash held	943,408	(1,378,266)
Cash at the beginning of the financial period	<u>733,591</u>	<u>3,748,228</u>
Cash at the end of the financial period	<u><u>1,676,999</u></u>	<u><u>2,369,962</u></u>

# Intec Ltd

## Notes to the consolidated financial statements

for the half-year ended 31 December 2003

### Note 1 Basis of preparation of the half-year financial report

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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 Company as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Intec as at 30 June 2003. 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 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The Company and controlled entities generated a net loss of \$811,268 and negative cash flows from operations of \$956,431 in the half-year ended 31 December 2003 as the Company continues to work towards the commercialisation of Intec Processes. As of balance date, the Company and controlled entities had net assets of \$2,040,777 and cash balances of \$1,676,999. The continuing viability of the consolidated entity and its ability to continue as going concerns and meet their debts as they fall due in future years are dependent upon:

- (i) the Company being successful in negotiating and obtaining additional funding; and
- (ii) success in proving and commercialising the Intec Processes.

The successful raising of \$1.65 million, net of issue costs, from placement subsequent to the half-year end has aided this process.

The Directors believe that the consolidated entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. The Directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Company to meet its business objectives.

The accounting policies adopted are consistent with those of the previous financial year except that as a result of applying the new accounting standard AASB1044 "Provisions, Contingent Liabilities and Contingent assets" for the first time, certain liabilities have been reclassified.

# Intec Ltd

## Notes to the consolidated financial statements

for the half-year ended 31 December 2003

### Note 2. Equity securities issued

	Half-year		Half-year	
	2003	2002	2003	2002
	Shares	Shares	\$	\$
Issue of ordinary shares during the half-year pursuant to the Company's renounceable entitlements issue under a Prospectus dated 7 August 2003.	87,623,490	-	2,628,705	-
Transaction costs relating to share issues pursuant to the entitlements issue	-	-	(185,790)	-
	<u>87,623,490</u>	<u>-</u>	<u>2,442,915</u>	<u>-</u>

### Note 3. Contingent liabilities

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

### Note 4. Events occurring after reporting date

On 31 December 2003, Intec announced that IVNL Gold Pty Ltd (now renamed Intec Hellyer Metals Pty Ltd (IHM)) had reached agreement with the Receivers and Managers of Western Metals Copper Limited (In Liquidation) for the purchase of the Hellyer Metals Project for A\$1,597,973. Formal completion of this transaction took place on 30 January 2004.

On 17 February 2004, Intec announced the approval by the Federal Government of a R&D Start Grant totalling \$1.43 million. On 20 February 2004 Intec announced a placement of 15 million ordinary shares at 11 cents to raise \$1.65 million.

The financial effects of the above transactions have not been brought to account at 31 December 2003.

No other event has occurred subsequent to 31 December 2003 requiring disclosure in, or amendment to, these financial statements.

### Note 5. Segment information

The consolidated entity operates in one business segment and one geographical segment, only being research, development and commercialisation of its hydrometallurgical technology in Australia.

# Intec Ltd

## Directors' declaration

The Directors declare that the financial statements and notes set out on pages 2 to 6:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company 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



Philip R Wood  
Director

Sydney  
26 February 2004

## Independent review report to the members of Intec Ltd

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Intec Ltd:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Intec Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Intec Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Intec Ltd (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### **Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Mitchell Wang*

M W Chiang  
Partner

Sydney  
27 February 2004

# **INTEC LTD**

ABN 25 001 150 849

ASX CODE: INL

Gordon Chiu Building J01  
Department of Chemical Engineering  
Maze Crescent University of Sydney NSW, 2006 Australia  
Telephone: +61 2 9351 6741 Facsimile: +61 2 9351 7180  
Email: [mail@intec.com.au](mailto:mail@intec.com.au) Web: [www.intec.com.au](http://www.intec.com.au)