Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

31 August 2009

Preliminary 2009 Financial Report (Appendix 4E)

In its 2009 Annual Report to be lodged with the ASX in September, Intec Ltd (ASX code: INL) will be providing a comprehensive description of all its activities up to that time.

In the meantime, I attach INL's Preliminary Final Report in accordance with Appendix 4E for the financial year ended 30 June 2009.

Yours faithfully
Intec Ltd

Philip R. Wood

Philip R. Wood
Managing Director and Chief Executive Officer

Intec Ltd

ABN 25 001 150 849

Preliminary Final Report in accordance with Appendix 4E

Financial year ended 30 June 2009

Results for announcement to the market

			2009 $A'000		2008 $A'000
Revenues and other income from continuing operations	**Up**	**1% to**	**925**	**from**	**917**
Loss from ordinary activities after tax attributable to members	**Up**	**622% to**	**(20,390)**	**from**	**(2,826)**
Net loss for the period attributable to members	**Up**	**622% to**	**(20,390)**	**from**	**(2,826)**

Dividends	**Amount per security**	**Franked amount per security**
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:

The Company and controlled entities (the Group) incurred operating losses after income tax of $20.390 million and net cash outflows from operations of $6.178 million in the year ended 30 June 2009. As of balance date, the Group had net assets of $5.325 million and cash balances of $1.990 million.

During the year to 30 June 2009, the Group participated for a short time in the Hellyer Zinc Concentrate Project initially via a 50/50 joint venture with Polymetals (Hellyer) Pty Ltd, and subsequently under the Group's sole ownership. However, due to continued weakening in the economics of the HZCP the operation was closed in September 2008. As a consequence of this closure and the Group's need to obtain sufficient funds to repay the Macquarie Bank facility an orderly realisation of non-core assets was undertaken.

This involved the sale of surplus inventory, a 23.3% interest in Bass Metals Ltd (BSM) and finally the sale to BSM of the Hellyer assets, including the Hellyer Mill, associated facilities and infrastructure and the mining lease. The latter agreement provided for a payment of $4.010 million and replacement by BSM of INL's $0.990 million security bond on the Hellyer mining lease. In addition, the sale agreement provides for a unit-based mill throughput royalty capped at $5.000 million. The Hellyer asset sale was completed in early August 2009. Funds received from the asset sale program were employed to repay in full the Macquarie Bank facility and provide working capital for the Group.

As a consequence of the closure of the HZCP and the asset sale program, a loss from the discontinued HZCP operations of $8.070 million was incurred, including an impairment expense for the Hellyer assets of $4.378 million. An impairment expense of $2.709 million was also raised to reduce the carrying amount of the Group's BSM investment to its recoverable value at the date of the sale of the majority portion of the Group's interest. In addition, an impairment expense of $4.404 million was incurred in respect of bonds lodged with relevant government authorities in relation to stockpiles of electric arc furnace dust (EAFD).

In aggregate the Group incurred an assets impairments expense to the income statement of $11.637 million in the year to 30 June 2009. This expense is in addition to the reversal of the Hellyer asset revaluation reserve of $13.640 million following closure of the HZCP and sale of the Hellyer assets to BSM. Total recognised impairments expense for the year was therefore $25.277 million.

Before the assets impairments expense of $11.637 million, the Group's operating loss after tax was $8.753 million. This expense is reconciled to operating losses after income tax of $20.390 million in the following table:

Consolidated Income Statement	**$A'000**
Loss attributable to members of Intec Ltd	(20,390)
Less:	
Diminution in value of environmental bonds	(4,404)
Diminution in value of investments in associates	(2,709)
Hellyer assets impairment expense	(4,378)
Exploration expenditure written off	(146)
Loss attributable to members of Intec Ltd before impairments expense	($8,753)

Consolidated income statement

	30 June 2009 $A'000	30 June 2008 $A'000
Revenue from continuing operations	**925**	917
Other income	**526**	313
Administration expense	**(770)**	(1,569)
Bad and Doubtful Debts	**(228)**	-
Burnie Research Facility expenses	**(526)**	(1,034)
Depreciation and amortisation expense	**(833)**	(775)
Diminution in value of environmental bonds	**(4,404)**	-
Engineering and other consultants expenses	**(298)**	(1,211)
Employee benefits expense	**(2,791)**	(4,007)
Finance costs	**(216)**	(252)
Occupancy expense	**(479)**	(612)
Research and development expenses	**(133)**	(436)
Other expenses	**(855)**	(715)
Exploration expenditure written off	**(146)**	(2,698)
Diminution in the value of investments in associates	**(2,709)**	(1,205)
Share of net profits/(losses) of associates accounted for using the equity method	**823**	403
(Loss) before income tax	**(12,114)**	(12,881)
Income tax (expense)/benefit	**(206)**	-
(Loss) from continuing operations	**(12,320)**	(12,881)
(Loss)/Profit from discontinued operations	**(8,070)**	10,055
Loss attributable to members of Intec Ltd	**(20,390)**	(2,826)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the company:		
Basic (loss) per share	**(3.01)**	(0.51)
Diluted (loss) per share	**(3.01)**	(0.51)

Consolidated balance sheet

	30 June 2009 $A'000	30 June 2008 $A'000
ASSETS		
Current assets		
Cash and cash equivalents	**1,990**	5,215
Trade and other receivables	**300**	1,329
Inventories	**23**	3,230
Non current asset classified as held for sale	**4,010**	-
Prepayments	**26**	65
Total current assets	**6,349**	9,839
Non-current assets		
Receivables	**121**	1,134
Investments	**26**	-
Investment accounted for using the equity method	**-**	4,069
Plant and equipment	**4,199**	33,825
Environmental Bonds	**756**	-
Exploration expenditure	**-**	146
Intangible assets	**10**	10
Total non-current assets	**5,112**	39,184
Total assets	**11,461**	49,023
LIABILITIES		
Current liabilities		
Trade and other payables	**886**	4,023
Borrowings	**42**	1,350
Refundable deposit	**500**	-
Deferred revenue	**-**	2,520
Provisions	**3,848**	-
Total current liabilities	**5,276**	7,893
Non-current liabilities		
Deferred revenue	**-**	2,090
Provisions	**860**	1,990
Total non-current liabilities	**860**	4,080
Total liabilities	**6,136**	11,973
Net assets	**5,325**	37,050
EQUITY		
Contributed equity	**66,752**	64,475
Reserves	**2,578**	16,190
Accumulated losses	**(64,005)**	(43,615)
Total equity	**5,325**	37,050

Consolidated statement of changes in equity

	Year ended 30 June 2009 $A'000	Year ended 30 June 2008 $A'000
Total equity at the beginning of the financial year	**37,050**	34,398
Transfer from asset revaluation reserve on recognition of impairment expense of assets available for sale	**(13,639)**	-
Employee share options expense	**-**	402
Share of associates' reserves	**25**	24
Share of associates' capital raising costs	**-**	(63)
Net (Loss) Income recognised directly in equity	**(13,614)**	363
(Loss) for the year	**(20,390)**	(2,826)
Total recognised income and expense for the year	**(34,004)**	(2,463)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity, net of transaction costs	**2,278**	5,115
Amount transferred to equity on exercise of options	**1**	-
	2,279	5,115
Total equity at the end of the financial year	**5,325**	37,050

Consolidated cash flow statement

	Year ended 30 June 2009 $A'000	Year ended 30 June 2008 $A'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**7,389**	23,757
Payments to suppliers and employees (inclusive of goods and services tax)	**(14,008)**	(20,853)
Interest paid	**(306)**	(151)
Interest received	**155**	262
Other receipts	**592**	83
Net cash (outflow) inflow from operating activities	**(6,178)**	3,098
Cash flows from investing activities		
Payments for property, plant and equipment	**(301)**	(6,016)
Proceeds from security deposits refunded	**1,010**	-
Payments for security deposits	**(756)**	-
Payments for investments in associate	**-**	(1,708)
Proceeds from sale of investments in associate	**2,259**	-
Proceeds from Sale or Disposal of Property, Plant & Equipment	**514**	10
Payment for non refundable deposit	**(300)**	-
Payments for loans to other entities	**(2)**	-
Net cash (outflow) inflow from investing activities	**2,424**	(7,714)
Cash flows from financing activities		
Proceeds from issues of shares	**1,922**	5,510
Proceeds from borrowings	**27**	1,719
Repayment of borrowings	**(1,420)**	(369)
Net cash inflow (outflow) from financing activities	**529**	6,860
Net increase (decrease) in cash and cash equivalents	**(3,225)**	2,244
Cash and cash equivalents at the beginning of the financial	**5,215**	2,971
Cash and cash equivalents at end of year	**1,990**	5,215

Reconciliation of cash

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.	**Year ended 30 June 2009 $A'000**	Year ended 30 June 2008 $A'000
Cash on hand and at bank	**1,990**	**5,215**
Total cash at end of year	**1,990**	**5,215**

Reconciliation of operating loss after income tax to net cash outflow from operating activities

	Year ended 30 June 2009 $A'000	Year ended 30 June 2008 $A'000
Operating loss after income tax	**(20,390)**	(2,826)
Non cash items and non operating cash flows included in profit and loss		
Bad and doubtful debts expense	**228**	-
Depreciation and amortisation	**833**	775
Depreciation as part of loss from discontinued operations	**977**	2,312
Exploration expenditure written-off	**146**	2,698
Hellyer assets impairment expense	**4,378**	-
Inventory impairment expense	**-**	114
Employee share options expense	**-**	402
Net (profit)/loss on sale of non-current assets	**34**	(3)
Net (profit) on sale of investments	**(63)**	-
Equity share of (profit)/losses of associated entities	**(823)**	(403)
Diminution in value of environmental bonds	**4,404**	-
Diminution in value of investment in associate	**2,709**	1,205
	(7,567)	4,274
Changes in assets and liabilities		
Decrease/(increase) in receivables	**2,042**	3,913
Decrease/(increase) in inventories	**3,207**	204
Decrease/(increase) in derivative asset	**-**	301
Decrease/(increase) in prepayments	**39**	-
Increase/(decrease) in creditors	**(3,137)**	1,510
Increase/(decrease) in deferred revenue	**(4,610)**	(6,853)
Increase/(decrease) in provisions	**3,848**	(251)
Net cash inflow (outflow) from operating activities	**(6,178)**	3,098

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 sale of interest leading to 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.

Dividend Reinvestment Plans

There are no dividend reinvestment plans in operation.

Consolidated Accumulated Losses

	Year ended 30 June 2009 $A'000	Year ended 30 June 2008 $A'000
Accumulated losses at the beginning of the financial year	**(43,615)**	**(40,789)**
Net loss attributable to members	**(20,390)**	**(2,826)**
Accumulated losses at end of financial year	**(64,005)**	**(43,615)**

Details of associates and joint venture entities

Investment in associates accounted for using the equity method

(a) Details of associate:

Name of Associate	Principal Activities	Ownership interest 2009 %	Ownership interest 2008 %	Carrying amount 2009 $,000	Carrying amount 2008 $,000
Intec Exploration Pty Ltd	Mineral Exploration	-	50.00	-	-
Bass Metals Ltd	Mineral Exploration	-	23.16	-	4,069

(b) Share of reserves attributable to associates:

Share of associate's profits/(losses) taken up in the consolidated financial statements

Operating Profit (Loss) before tax	823	403
Income tax expense	-	-
Net operating profit/(loss) after income tax as shown in the Income Statement	823	403
Accumulated losses at beginning of period	(81)	(484)
Accumulated losses at end of period	742	(81)

(c) Movement in equity accounted investment

Carrying amount of investment at beginning of financial year	4,069	3,202
Share of associate's current year profits/(losses) after tax (refer (b))	823	403
Share of associate's increase in reserves	25	24
Share of associate's capital raising costs	-	(63)
Acquisition of investment	-	1,708
Impairment of Investment	(2,709)	(1,205)
Sale of Investment	(2,208)	-
Carrying amount of investment at end of financial year	-	4,069

Summary of financial position of associated entities:

Current assets	-	11,147
Current liabilities	-	(3,865)
Non-current assets	-	15,004
Non-current liabilities	-	(3)
Net assets	-	22,283

Other notes to the condensed financial statements

Ratios

	Year ended 30 June 2009	Year ended 30 June 2008
Loss before tax / revenue and other income Consolidated loss from continuing operations before tax as a percentage of revenue and other income	**(532.72)**	(10.39)
Loss after tax / equity interests Consolidated net loss after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	**(382.91)**	(7.63)

NTA Backing

Net tangible assets per ordinary share	**0.65 cents**	5.52 cents

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 133: Earnings Per Share are as follows.

	Year ended 30 June 2009	Year ended 30 June 2008
Basic loss per share (cents)	**(3.01)**	(0.51)
Diluted loss per share (cents)	**(3.01)**	(0.51)
Weighted average number of ordinary shares outstanding during the period used in calculating the basic and diluted loss per share.	**676,414,778**	549,703,762

2009 Audit

The financial report is based on accounts which are in the process of being audited. The audit report is expected to contain qualifications in respect of the carrying value of the Burnie Research Facility and the estimation of the liabilities in relation to stockpiles of EAFD. A reference in relation to significant uncertainty regarding continuation of the Group as a going concern is also expected. Please refer below to the Directors' response to the above matters.

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 changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Company and controlled entities (the Group) incurred operating losses after income tax of $20.390 million and net cash outflows from operations of $6.178 million in the year ended 30 June 2009. As of balance date, the Group had net assets of $5.325 million and cash balances of $1.990 million.

During the year to 30 June 2009, the Group participated for a short time in the Hellyer Zinc Concentrate Project initially via a 50/50 joint venture with Polymetals (Hellyer) Pty Ltd, and subsequently under the Group's sole ownership. However, due to continued weakening in the economics of the HZCP the operation was closed in September 2008. As a consequence of this closure and the Group's need to obtain sufficient funds to repay the Macquarie Bank facility an orderly realisation of non-core assets was undertaken.

This involved the sale of surplus inventory, a 23.3% interest in Bass Metals Ltd (BSM) and finally the sale to BSM of the Hellyer assets, including the Hellyer Mill, associated facilities and infrastructure and the mining lease. The latter agreement provided for a payment of $4.010 million and replacement by BSM of INL's $0.990 million security bond on the Hellyer mining lease. In addition, the sale agreement provides for a unit-based mill throughput royalty capped at $5.000 million. The Hellyer asset sale was completed in early August 2009. Funds received from the asset sale program were employed to repay in full the Macquarie Bank facility and provide working capital for the Group.

As a consequence of the closure of the HZCP and the asset sale program, a loss from the discontinued HZCP operations of $8.070 million was incurred, including an impairment expense for the Hellyer assets of $4.378 million. An impairment expense of $2,709 million was also raised to reduce the carrying amount of the Group's BSM investment to its recoverable value at the date of the sale of the majority portion of the Group's interest. In addition, an impairment expense of $4.404 million was incurred in respect of bonds lodged with relevant government authorities in relation to stockpiles of electric arc furnace dust (EAFD).

In aggregate the Group incurred an assets impairments expense to the income statement of $11.637 million in the year to 30 June 2009. This expense is in addition to the reversal of the Hellyer asset revaluation reserve of $13.640 million following closure of the HZCP and sale of the Hellyer assets to BSM. Total recognised impairments expense for the year was therefore $25.277 million.

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Loss attributable to members of Intec Ltd before impairments expense	($8,753)

Going Concern Basis

The financial report has been prepared on a going concern basis. Based on the Group's current position, the Group will require further additional capital and/or revenue in the short term in order to continue meeting its obligations as they become due and payable. Therefore, significant uncertainty exists as to whether or not the Group will be able to continue as a going concern. The Directors are considering a number of plans and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives. The Directors consider it likely that the Group will be successful in ensuring that adequate funding is available 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

While there is significant uncertainty, the Directors consider that it is unlikely that the carrying value of non-current assets, in particular the Burnie Research Facility, would exceed the realisable value of such assets in an orderly sale process. The carrying value of the Burnie Research Facility is $3.836 million at 30 June 2009. Intec generated revenue through the Burnie Research Facility under contracts for the treatment of industrial wastes and the provision of engineering services to third parties for the year to 30 June 2009 and will continue to do so in the short to medium term under either existing or new commercial arrangements. Accordingly, the Directors have made no adjustment to the carrying value of the Burnie Research Facility at

30 June 2009.

EAFD Stockpiles

As indicated in previous reports, the Group has significant stockpiles of EAFD in two locations; the Hellyer Minesite and the Footscray, Victoria storage facility. The sale agreement for the Hellyer assets did not include the stockpile of EAFD at Hellyer. The Group has lodged a cash backed environmental bond amounting to $0.756 million in relation to this stockpile. In relation to the Footscray stockpile of EAFD, the Group has lodged a $3.650 million cash backed environmental bond with the Victorian EPA.

The Directors are investigating a range of options for the treatment and/or disposal of the EAFD stockpiles, either by the Group itself or by external parties. At the current time the Group has not determined the most advantageous treatment and/or disposal option. In view of this uncertainty, the Directors have provided for a non-current provision equivalent to the full amount of environmental bonds lodged in relation to the EAFD stockpiles. The Directors consider that while there is significant uncertainty, it is unlikely that the amount of the provisions would exceed the amount of security bonds lodged.

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 2008 and the Annual Financial Report of Intec, due to be released in September 2009, for the year ended 30 June 2009. It is also recommended that the Appendix 4E be considered together with any public announcements made by Intec during the year ended 30 June 2009 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.

The assumption of full ownership of the HZCP and subsequent closure of the HZCP resulted in a loss from discontinued operations of $8.070 million. The sale of the Hellyer assets and the Group's shareholding in BSM at below their carrying values resulted in impairment expenses totalling $7.087 million. In addition, an impairment expense of $4.404 million was incurred in respect of bonds lodged with relevant government authorities in relation to stockpiles of electric arc furnace dust.

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

The sale of the Hellyer assets was completed in August 2009 and allowed the full extinguishment of the $5 million Macquarie Bank debt facility. The Group has a contract for the treatment of industrial wastes generated by the Tasmanian-based ACL Group. On 25 August 2009, Receivers and Managers were appointed to the ACL Group. At this date, the Group had outstanding invoices totalling $51,000 and estimates that additional amounts totalling approximately $200,000 remain to be invoiced for work either completed or in the process of being completed. The Directors reasonably expect that all current and future invoices will be paid in full.

On 23 August 2009, Intec announced that the Victorian HazWaste Fund had approved in principle a $780,000 grant for development work to treat galvanising industry spent pickle liquor. A significant proportion of this grant is expected to cover Intec's continuing operating costs for this development work.

No other matters or circumstances have arisen since 30 June 2009 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.

A discussion of trends in performance

Intec's corporate strategy is to acquire interests in mineral projects and secondary resources, including industrial waste products, where its technology creates additional value.

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 qualifications in respect of the carrying value of the Burnie Research Facility and the estimation of the liabilities in relation to stockpiles of EAFD. A reference in relation to significant uncertainty regarding continuation of the Group as a going concern is also expected.

The entity has a formally constituted audit committee.

Sign here:

Philip R. Wood

Date: 31 August 2009

Managing Director & Chief Executive Officer

Print name: Philip R Wood