

Intec Ltd

ABN 25 001 150 849

Half year report in accordance with Appendix 4D

Period ending 31 December 2004

Results for announcement to the market

Revenues from ordinary activities	up	27%	to	687,614
Loss from ordinary activities after tax attributable to members	up	181%	to	2,281,784
Net loss for the period attributable to members	up	181%	to	2,281,784
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 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 2004, the Group continued the development and commercialisation of the Intec Processes for base and precious metals.				
In particular, the Group's pilot plant in Sydney was operated to extract metals from the Hellyer tailings and oxidised zinc-bearing residues (e.g. EAF dust). This culminated in completion of a pre-feasibility study for the Hellyer Metals Project by H.G. Engineering of Toronto, Canada.				
During October/November 2004, the pilot plant was also successfully operated using the Intec Gold Process on gold-bearing material supplied by Barrick Gold Inc.				
On 18 November 2004 Intec issued 101,450,000 new ordinary shares to institutional investors at 6.9 cents per share raising \$7,000,050. On 13 December 2004 Intec issued 17,854,652 new ordinary shares to shareholders pursuant to a share purchase plan at 6.9 cents per share raising \$1,231,971. On 24 December 2004 and 14 January 2005 Intec issued 53,211,569 and 1,397,547 respectively new ordinary shares to the underwriter and sub-underwriters of the shareholder share purchase plan at 6.9 cents per share raising \$3,768,029.				
On 15 December 2004 Intec Hellyer Metals Pty Ltd (a controlled entity) announced that it had entered into a conditional Term Sheet for the transfer of its Hellyer and Que River exploration tenements to Resource Finance & Investments Limited. If the transfer proceeds, the terms of the proposed transaction attributes a value in excess of \$1.2 million to the tenements.				

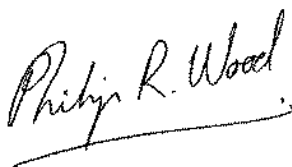
NTA Backing

	Half-year ended 31 December 2004	Year ended 30 June 2004
Net tangible assets per ordinary share	2.8 cents	0.99 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 and no dividend reinvestment plans exist.
- **Details of associates or joint ventures:** Not applicable.
- **Foreign entities:** Not applicable.



Philip R Wood
Managing Director
Chief Executive Officer

24 February 2005

Intec Ltd

ASX Code: INL
ABN 25 001 150 849

Superior and Sustainable Metals Production

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Department of Chemical Engineering
Maze Crescent
University of Sydney NSW 2006
Australia



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HALF-YEARLY REPORT

31 DECEMBER 2004

Intec Ltd

ABN 25 001 150 849

Corporate directory

Directors

Richard H Jenkins (Non-executive Chairman)
Philip R Wood (Managing Director & Chief Executive Officer)
A John Moyes (Technical Director)
J Philip Evans (Non-executive Director)
Ian W Ross (Non-executive Director, Alternate: Gordon L Toll)
Kenneth J Severs (Non-executive Director)

Company Secretary

Robert J Waring

Senior Management

Dr Frank Houllis (Process Development Manager)
Jean-Louis Huens (Chief Operating Officer)
Chung Ho Lam (Senior Process Engineer & IT Manager)
Andrew M Platts (General Manager, Hellyer Metals Project)
Kieran G Rodgers (Chief Financial Officer & Business Development Manager)

Registered Office and Laboratories

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Intec Hellyer Metals Pty Ltd

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Telephone: (+61 3) 6431 6333
Facsimile: (+61 3) 6431 6896

Intec Hellyer Metals Demonstration Plant

20 River Road
Burnie TAS 7320 Australia

The Hellyer Mine

Cradle Mountain Link Road
Wynyard Waratah Council District TAS
7321 Australia

North American Representative Office and Project Design Engineers

H.G. Engineering Ltd
400 Carlingview Drive
Toronto, Ontario
Canada M9W 5X9

European Representative Office

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Kent TN25 7HJ
United Kingdom

Share Registry

Registries Limited
Level 2, 28 Margaret Street
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Sydney NSW 1223 Australia
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Email: registries@registriesltd.com.au
Website: www.registriesltd.com.au

Legal Advisers

Allens Arthur Robinson
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2 Chifley Square
Sydney NSW 2000 Australia

Patent Attorneys

Griffith Hack
100 Miller Street
North Sydney NSW 2060 Australia

Auditor

PricewaterhouseCoopers
Darling Park Tower 2, 201 Sussex Street
Sydney NSW 1171 Australia



Australian Stock Exchange Listing

Intec Ltd shares are listed on the Australian Stock Exchange under the code INL. The home branch is Sydney.

Intec Ltd

ABN 25 001 150 849

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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 2004.

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.

Richard H Jenkins (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)

Kenneth J Severs (Non-Executive Director)

Gordon L Toll (Non-Executive Director) (resigned 13 December 2004 and became Alternate Director for Mr Ross)

Review of operations

The net loss of the consolidated entity after providing for income tax amounted to \$2,281,784 (2003 – loss \$811,268).

During the half year to 31 December 2004, the Group continued the development and commercialisation of the Intec Processes for base and precious metals.

In particular, the Group's pilot plant in Sydney was operated to extract metals from the Hellyer tailings and oxidised zinc-bearing residues (e.g. EAF dust). This culminated in completion of a pre-feasibility study for the Hellyer Metals Project by H.G. Engineering of Toronto, Canada.

During October/November 2004, the pilot plant was also successfully operated using the Intec Gold Process on gold-bearing material supplied by Barrick Gold Inc.

On 18 November 2004 Intec issued 101,450,000 new ordinary shares to institutional investors at 6.9 cents per share raising \$7,000,050. On 13 December 2004 Intec issued 17,854,652 new ordinary shares to shareholders pursuant to a share purchase plan at 6.9 cents per share raising \$1,231,971. On 24 December 2004 and 14 January 2005 Intec issued 53,211,569 and 1,397,547 respectively new ordinary shares to the underwriter and sub-underwriters of the shareholder share purchase plan at 6.9 cents per share raising \$3,768,029.

On 15 December 2004 Intec Hellyer Metals Pty Ltd (a controlled entity) announced that it had entered into a conditional Term Sheet for the transfer of its Hellyer and Que River exploration tenements to Resource Finance & Investments Limited. If the transfer proceeds, the terms of the proposed transaction attributes a value in excess of \$1.2 million to the tenements.

Events occurring after reporting date

Since the end of the half year Intec has issued a further 1,397,547 new ordinary shares on finalisation of the underwriting of the shareholder share purchase plan after receipt of the final amount of \$96,431 and a further 2,103,202 new ordinary shares to the Joint Lead Managers of INL's A\$7 million placement, and the underwriter and certain sub-underwriters of INL's A\$5 million Share Purchase Plan (SPP) as payment for the placement management fees and the SPP underwriting and sub-underwriting fees respectively.

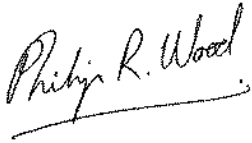
The financial effect of these transactions has not been brought to account at 31 December 2004.

No other event has occurred subsequent to 31 December 2004 requiring disclosure in, or amendment to, these financial statements.

Intec Ltd

Directors' report (continued)

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

A handwritten signature in black ink, reading "Philip R. Wood". The signature is written in a cursive style with a long horizontal line extending from the end.

Philip R Wood
Managing Director
Chief Executive Officer

Sydney

24 February 2005

Intec Ltd

Consolidated statement of financial performance

for the half-year ended 31 December 2004

	Half-year 31 December 2004	31 December 2003
	\$	\$
Revenue from operating activities	34,139	9,045
Revenue from outside operating activities	653,475	534,129
Revenue from ordinary activities	687,614	543,174
Administration expense	(214,538)	(186,195)
Depreciation expense	(116,553)	(29,316)
Employee benefits expenses	(1,381,704)	(928,353)
Engineering and other consultants expenses	(7,063)	(85,261)
Hellyer mill care and maintenance costs	(490,127)	-
Occupancy expense	(100,017)	(101,536)
Patent fees	(89,961)	(58,771)
Pilot plant expenses	(392,945)	-
Research and development expenses	(21,112)	(75,529)
Other expenses from ordinary activities	(155,378)	(135,068)
Loss from ordinary activities before income tax expense	(2,281,784)	(1,056,855)
Income tax benefit relating to ordinary activities	-	245,587
Net loss attributable to the members of Intec Ltd	(2,281,784)	(811,268)
Basic loss per share (cents per share)	0.83	0.41
Diluted loss per share (cents per share)	0.83	0.41

Intec Ltd

Consolidated statement of financial position

as at 31 December 2004

	31 December 2004 \$	30 June 2004 \$
Current assets		
Cash assets	10,337,031	1,104,495
Receivables	208,995	67,624
Other current assets	34,981	9,509
Total current assets	10,581,007	1,181,628
Non-current assets		
Receivables	239,500	239,500
Plant and equipment	1,756,242	1,688,435
Exploration and evaluation costs	31,221	30,000
Intangible assets	10,000	10,000
Total non-current assets	2,036,963	1,967,935
Total assets	12,617,970	3,149,563
Current liabilities		
Payables	714,183	515,902
Provisions	98,705	101,034
Total current liabilities	812,888	616,936
Non-current liabilities		
Provisions	73,598	64,646
Total non-current liabilities	73,598	64,646
Total liabilities	886,486	681,582
Net assets	11,731,484	2,467,981
Equity		
Contributed equity	45,389,446	33,844,159
Accumulated losses	(33,657,962)	(31,376,178)
Total equity	11,731,484	2,467,981

Intec Ltd

Consolidated statement of cash flows

for the half-year ended 31 December 2004

	31 December 2004 \$	Half-year 31 December 2003 \$
Cash flows from operating activities		
Receipts from customers	34,139	9,045
Receipts from related parties	-	500,000
Payment to suppliers and employees	(2,932,287)	(1,745,192)
Income tax refund	-	245,587
Interest received	73,952	34,129
Government grants received	576,760	-
Other income	2,763	-
Net cash flows (from) operating activities	<u>(2,244,673)</u>	<u>(956,431)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(184,360)	(303,380)
Payments for exploration expenditure	(1,221)	-
Deposit paid on Hellyer acquisition	-	(239,696)
Net cash flows (from) investing activities	<u>(185,581)</u>	<u>(543,076)</u>
Cash flows from financing activities		
Proceeds from issue of shares	11,763,613	2,628,705
Funds received on application for shares in excess of entitlements to be refunded	257,504	-
Share issue costs	(358,326)	(185,790)
Net cash flows from financing activities	<u>11,662,791</u>	<u>2,442,915</u>
Net increase (decrease) in cash held	9,232,537	943,408
Cash at the beginning of the financial period	<u>1,104,494</u>	<u>733,591</u>
Cash at the end of the financial period	<u>10,337,031</u>	<u>1,676,999</u>

Intec Ltd

Notes to the consolidated financial statements

for the half-year ended 31 December 2004

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 2004. 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 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The Company and controlled entities generated a net loss of \$2,281,784 and negative cash flows from operations of \$2,244,673 in the half-year ended 31 December 2004 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 \$11,848,988 and cash balances of \$10,337,031. 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 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 Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Notes to the consolidated financial statements

for the half-year ended 31 December 2004

The consolidated entity management has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

(i) Income tax

Under the AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Equity-based compensation benefits

Under the AASB 2 *Share-based Payment*, equity-based compensation to employees will be recognised as an expense in respect of the services received.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(iii) Revenue

Under AASB 118 *Revenue* and AASB 120 *Accounting for Government Grants and disclosure of Government Assistance*, government grants will be recognised as income over the periods necessary to match them with the related costs they are intended to compensate.

This will result in a change to the current accounting policy, under which revenue from government grants is recognised on a cash basis.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

Intec Ltd

Notes to the consolidated financial statements

for the half-year ended 31 December 2004

Note 2. Equity securities issued

	Half-year 2004 Shares	2003 Shares	Half-year 2004 \$	2003 \$
Issue of ordinary shares during the half-year:				
Placement to institutional investors	101,450,000	-	7,000,050	-
Shareholder share purchase plan	17,854,652	-	1,231,971	-
Underwriting of shareholder share purchase plan	53,211,569	-	3,671,592	-
Renounceable entitlements issue under a Prospectus dated 7 August 2003.		87,623,490		2,628,705
Transaction costs relating to share issues		-	(358,326)	(185,790)
	173,913,768	87,623,490	11,545,287	2,442,915

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

Since the end of the half year Intec has issued a further 1,397,547 new ordinary shares on finalisation of the underwriting of the shareholder share purchase plan after receipt of the final amount of \$96,431 and a further 2,103,202 new ordinary shares to the Joint Lead Managers of INL's A\$7 million placement, and the underwriter and certain sub-underwriters of INL's A\$5 million Share Purchase Plan (SPP) as payment for the placement management fees and the SPP underwriting and sub-underwriting fees respectively.

The financial effect of these transactions has not been brought to account at 31 December 2004.

No other event has occurred subsequent to 31 December 2004 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

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 8 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 company's and consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of their operations and their cash flows, for the half-year ended on that date; 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

A handwritten signature in black ink, reading "Philip R. Wood", with a horizontal line underneath.

Philip R Wood
Managing Director
Chief Executive Officer

Sydney

24 February 2005

Independent review report to the members of Intec Ltd

PricewaterhouseCoopers
ABN 52 780 433 757

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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 Ltd Group (defined below) as at 31 December 2004 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 Ltd Group (the consolidated entity), for the half-year ended 31 December 2004. 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. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

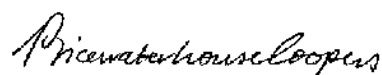
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

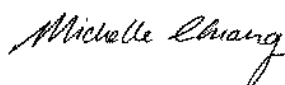
Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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



PricewaterhouseCoopers



MW Chiang
Partner

Sydney
24 February 2005

PricewaterhouseCoopers
ABN 52 780 433 757

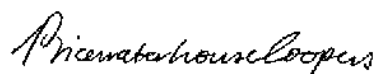
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Auditors' Independence Declaration

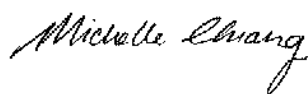
As lead auditor for the review of Intec Ltd for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Intec Ltd and the entities it controlled during the period.



PricewaterhouseCoopers



MW Chiang
Partner

Sydney
24 February 2005

INTEC LTD

ABN 25 001 150 849

ASX CODE: INL

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