



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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ASX code: INL

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Companies Announcements Office
Australian Stock Exchange Limited

Summary update of activities accompanying lodgement of Appendix 4E

In its 2006 Annual Report to be lodged with the ASX by the end of September, Intec Ltd (ASX code: INL) will be providing a comprehensive description of all of its activities up to that time.

In the meantime, for the purposes of continuous disclosure, the Company advises as follows:

Hellyer Zinc Concentrate Project

This 50/50 joint venture with Polymetals (Hellyer) Pty Ltd is progressing well, with production now expected to commence in mid-October upon anticipated receipt of regulatory approval.

Burnie Demonstration Plant

This plant most recently treated Zeehan Slag successfully and is now in care and maintenance mode, pending completion of a comprehensive report on its operations by Ammttec due before the end of calendar 2006.

Hellyer Metals Project Feasibility Study

WorleyParsons has commenced the updating of previous feasibility study work to take account of process changes resulting from demonstration plant operations, together with increased capital and operating costs and metals prices.

Chairman

Mr Ian Ross has recently been appointed Chairman of the Company.

Yours faithfully
Intec Ltd

Philip R Wood
Managing Director and Chief Executive Officer

Intec Ltd

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Preliminary Final Report in accordance with Appendix 4E

Financial year ended 30 June 2006

Results for announcement to the market

\$A'000

Revenues from continuing operations	up	750%	to	3,114
Loss from ordinary activities after tax attributable to members	up	21%	to	(4,510)
Net loss for the period attributable to members	up	21%	to	(4,510)
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 year to 30 June 2006, the Company's main activities were the commercialisation of the Intec Processes, continued development of the Hellyer Metals Project (including completion of construction and subsequent operation of the Burnie demonstration plant and continuation of the related bankable feasibility study) and preparation for the Hellyer Zinc Concentrate Project 50/50 joint venture with Polymetals (Hellyer) Pty Ltd.				

Consolidated income statement

	30 June 2006 \$A'000	30 June 2005 \$A'000
Revenue from continuing operations	3,114	366
Other income	-	1,816
Administration expense	(1,122)	(596)
Cost of sales	(2,807)	(741)
Depreciation and amortisation expense	(676)	(209)
Engineering and other consultants expenses	(1,019)	(22)
Employee benefits expense	(4,157)	(2,918)
Finance costs	(638)	-
Occupancy expense	(591)	(215)
Research and development expenses	(312)	(377)
Other expenses	(480)	(713)
Share of net losses of associate accounted for using the equity method	(95)	(121)
Loss before income tax	(8,783)	(3,730)
Income tax credit/(expense)	4,273	-
Loss attributable to members of Intec Ltd	(4,510)	(3,730)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the company:		
Basic loss per share	1.0	1.1
Diluted loss per share	1.0	1.1

Consolidated balance sheet

	30 June 2006 \$A'000	30 June 2005 \$A'000
ASSETS		
Current assets		
Cash and cash equivalents	6,493	4,545
Trade and other receivables	251	204
Other current assets	21	13
Total current assets	6,765	4,762
Non-current assets		
Receivables	190	243
Property, plant and equipment (net)	26,266	5,785
Equity investment in associated entity	932	1,079
Intangible assets	10	10
Total non-current assets	27,398	7,117
Total assets	34,163	11,879
LIABILITIES		
Current liabilities		
Trade and other payables	1,027	1,468
Total current liabilities	1,027	1,468
Non-current liabilities		
Provisions	59	106
Deferred income tax liability	1,572	-
Total non-current liabilities	1,631	106
Total liabilities	2,658	1,574
Net assets	31,505	10,305
EQUITY		
Contributed equity	56,680	45,242
Reserves	14,441	169
Accumulated losses	(39,616)	(35,106)
Total equity	31,505	10,305

Consolidated statement of changes in equity

	Year ended 30 June 2006 \$A'000	Year ended 30 June 2005 \$A'000
Total equity at the beginning of the financial year	10,305	2,468
Gain on revaluation of Hellyer minesite	19,483	-
Less deferred tax liability	(5,845)	-
Share of associate's reserves	36	-
Share of associate's capital raising costs	(88)	-
Net income recognised directly in equity	13,586	-
Loss for the year	(4,510)	(3,730)
Total recognised income and expense for the year	(4,510)	(3,730)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity, net of transaction costs	11,513	11,398
Employee share options recognised in share based payments reserve	98	169
Options issued to Macquarie Bank Limited in consideration for entering into a financing facility recognised in share based payments reserve	513	-
	12,124	11,567
Total equity at the end of the financial year	31,505	10,305

Consolidated cash flow statement

	Year ended 30 June 2006 \$A'000	Year ended 30 June 2005 \$A'000
Cash flows related to operating activities		
Receipts from customers (inclusive of goods and services tax)	3,392	74
Payments to suppliers and employees (inclusive of goods and services tax)	(11,295)	(5,165)
Interest and other items of similar nature received	85	297
Interest paid	(125)	-
Government grants received	-	649
Net operating cash flows	(7,943)	(4,145)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(1,675)	(3,806)
Refunds of/(payments for) tenement security deposits	53	(4)
Payments for exploration expenditure	-	(3)
Net investing cash flows	(1,622)	(3,813)
Cash flows related to financing activities		
Proceeds from issues of shares	11,871	11,959
Equity raising expenses	(358)	(561)
Proceeds from borrowings	4,785	-
Repayment of borrowings	(4,785)	-
Net financing cash flows	11,513	11,398
Net increase (decrease) in cash held	1,948	3,440
Cash at the beginning of the financial year	4,545	1,105
Cash at the end of the financial year	6,493	4,545

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

	30 June 2006 \$A'000	30 June 2005 \$A'000
Sale of exploration tenements the consideration for which was 8,000,000 shares in Bass Metals Ltd.	-	1,200

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 2006 \$A'000	Year ended 30 June 2005 \$A'000
Cash on hand and at bank	1,193	428
Other - bank accepted bills of exchange	5,300	4,117
Total cash at end of year	6,493	4,545

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

	Year ended 30 June 2006 \$A'000	Year ended 30 June 2005 \$A'000
Operating loss after income tax	(4,510)	(3,730)
Non cash items and non operating cash flows included in profit and loss		
Share based payments expenses	611	169
Share of associate's loss	95	121
Depreciation and amortisation	676	209
Net profit on sale of tenements	-	(1,167)
	(3,128)	(4,398)
Decrease/(increase) in receivables	(46)	(86)
Decrease/(increase) in prepayments	(8)	(4)
Increase/(decrease) in trade creditors	(518)	(205)
Increase/(decrease) in other creditors	15	456
Increase/(decrease) in employee entitlements	15	92
Decrease/(increase) in deferred tax liability	(4,273)	-
Net operating cash flows	(7,943)	(4,145)

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 2006 \$A'000	Year ended 30 June 2005 \$A'000
Accumulated losses at the beginning of the financial year	(35,106)	(31,376)
Net loss attributable to members	(4,510)	(3,730)
Accumulated losses at end of financial year	(39,616)	(35,106)

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 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

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		Carrying amount	
		2006 %	2005 %	2006 \$,000	2005 \$,000
Bass Metals Limited	Mineral Exploration	22.10	43.84	932	1,079

(b) Share of reserves attributable to associates:

Share of associate's losses taken up in the consolidated financial statements		
Operating loss before tax	(95)	(121)
Income tax expense	-	-
Net operating loss after income tax as shown in the Income Statement	(95)	(121)
Accumulated losses at beginning of period	(121)	-
Accumulated losses at end of period	(216)	(121)

(c) Movement in equity accounted investment

Carrying amount of investment at beginning of financial year	1,079	-
Share of associate's current year losses after tax (refer (b))	(95)	(121)
Share of associate's increase in reserves	36	-
Share of associate's capital raising costs	(88)	-
Acquisition of investment	-	1,200
Carrying amount of investment at end of financial year	932	1,079

Summary of financial position of associated entity:

Current assets	1,364	544
Current liabilities	(311)	(71)
Non-current assets	3,744	1,451
Non-current liabilities	(86)	-
	4,711	2,027

Other notes to the condensed financial statements

Ratios

Profit before tax / revenue

Consolidated loss from continuing operations before tax as a percentage of revenue

Profit 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

Year ended 30 June 2006	Year ended 30 June 2005
(282.05)	(1,019.26)
(14.32)	(36.20)

NTA Backing

Net tangible assets per ordinary share

5.88 cents	2.43 cents
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Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings Per Share are as follows.

	Year ended 30 June 2006	Year ended 30 June 2005
Basic earnings per share (cents)	(1.03)	(1.1)
Diluted earnings per share (cents)	(1.03)	(1.1)
Weighted average number of ordinary shares outstanding during the period used in calculating the basic and diluted EPS.	438,715,136	349,602,479

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 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 generated operating losses of \$4,509,969 and net cash outflows from operations of \$7,942,509 in the year ended 30 June 2006 as the Company continued to develop the Hellyer Metals Project and the commercialisation of the Intec Processes. During the 2005-06 financial year the Company raised approximately \$11,512,933 of additional funds. As of balance date, the Company and controlled entities had net assets of \$31,505,476 and cash balances of \$6,492,968.

The group is working towards generating future income streams through its participation in the Hellyer Zinc Concentrate Project joint venture with Polymetals (Hellyer) Pty Ltd and the development of the Hellyer Metals Project.

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.

Accounting Policies

The Appendix 4E 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 Appendix 4E should be read in conjunction with the Half-year Financial Report of Intec as at 31 December 2005. It is also recommended that the Appendix 4E be considered together with any public announcements made by Intec during the year ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Plant and equipment

The Hellyer Mine plant and equipment is shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

This represents a change in the accounting policies of the group. Previously all assets were recorded at cost. The impact of adopting this accounting policy is that the Hellyer Mine plant and equipment is now shown at directors valuation based on an independent valuation undertaken as at 30 June 2006 and has been increased by an amount of \$19,482,203 which has been credited to the asset revaluation reserve.

Material factors affecting the revenues and expenses of the economic entity for the current year.

Operation of the Burnie demonstration plant and progression of the bankable feasibility study for the Hellyer Metals Project.

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 consolidated entity participated in a share placement by Bass Metals Ltd (ASX code: BSM) on 16 August 2006, by investing \$580,000 in consideration of the issue to it of 3,625,000 BSM shares at \$0.16 per share.

A discussion of trends in performance

Intec's corporate strategy is to acquire interests in minerals projects where its technology creates additional value. This is exemplified by the Hellyer Metals Project acquisition which will continue to be the focus of the Company's activities in the short to medium term. In addition, the Company seeks to realise value from its assets as appropriate in order to take advantage of market conditions, such as its initiation of, and participation in, the Hellyer Zinc Concentrate Project joint venture with Polymetals (Hellyer) Pty Ltd.

There are no franking credits available.

The Company is not expected to declare a dividend in the short term.

Implementation of Australian Equivalents of International Financial Reporting Standards ('AIFRS')

These financial statements are the first Intec Ltd financial statements to be prepared in accordance with AIFRSs. AASB1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Intec Ltd until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Intec Ltd 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

	At the date of transition to AIFRS: 1 July 2004		
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
ASSETS			
Current assets			
Cash and cash equivalents	1,104	-	1,104
Trade and other receivables	68	-	68
Other current assets	10	-	10
Total current assets	1,182	-	1,182
Non-current assets			
Receivables	240	-	240
Investments	-	-	-
Exploration costs	30	-	30
Plant and equipment	1,688	-	1,688
Intangible assets	10	-	10
Total non-current assets	1,968	-	1,965
Total assets	3,150	-	3,150
LIABILITIES			
Current liabilities			
Trade and other payables	617	-	617
Total current liabilities	617	-	617
Non-current liabilities			
Provisions	65	-	65
Total non-current liabilities	65	-	65
Total liabilities	682	-	682
Net assets	2,468	-	2,468
EQUITY			
Contributed equity	33,844	-	33,844
Accumulated losses	(31,376)	-	(31,376)
Total equity	2,468	-	2,468

Explanation of transition to Australian equivalents to IFRSs (continued)

	At the end of the last reporting period under previous AGAAP 30 June 2005		
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
ASSETS			
Current assets			
Cash and cash equivalents	4,545	-	4,545
Trade and other receivables	204	-	204
Other current assets	13	-	13
Total current assets	4,762	-	4,762
Non-current assets			
Receivables	243	-	243
Investments accounted for using the equity method	1,079	-	1,079
Other financial assets	-	-	-
Property, plant and equipment	5,785	-	5,785
Intangible assets	10	-	10
Total non-current assets	7,117	-	7,117
Total assets	11,879	-	11,879
LIABILITIES			
Current liabilities			
Trade and other payables	1,468	-	1,468
Total current liabilities	1,468	-	1,468
Non-current liabilities			
Provisions	106	-	106
Total non-current liabilities	106	-	106
Total liabilities	1,574	-	1,574
Net assets	10,305	-	10,305
EQUITY			
Contributed equity	45,242	-	45,242
Reserves	-	169	169
Accumulated losses	(34,937)	(169)	(35,106)
Total equity	10,305	-	10,305

Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of profit for the year ended 30 June 2005			
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
Revenue from continuing operations	2,215	(1,849)	366
Other income	-	1,816	1,816
Equity share of losses of associated entities	(121)	-	(121)
Administration expense	(596)	-	(596)
Cost of sales	(741)	-	(741)
Depreciation and amortisation expenses	(209)	-	(209)
Employee benefits expenses	(2,749)	(169)	(2,918)
Engineering and other consultants expenses	(22)	-	(22)
Occupancy expense	(214)	-	(214)
Provision against advances to controlled entity	-	-	-
Research and development expenses	(377)	-	(377)
Other expenses from ordinary activities	(746)	33	(713)
Loss from ordinary activities before income tax expense	(3,561)	(169)	(3,730)
Income tax (expense) benefit relating to ordinary activities	-	-	-
Net loss attributable to members of Intec Ltd	(3,561)	(169)	(3,730)
Basic and diluted earnings (loss) per share (cents per share)	(1.0)		(1.1)

Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

Notes to the reconciliations

(a) Share-based payments

Under AASB 2 *Share-based Payment* from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees under the Intec Ltd Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 1 July 2004

For the Group there has been no decrease in accumulated losses.

(ii) At 30 June 2005

For the Group there has been a decrease in retained earnings of \$169,117 and a corresponding increase in reserves. The effect is the same for the parent entity.

(iii) For the year ended 30 June 2005

For the Group and the parent entity there has been an increase in employee benefits expense of \$169,117.

(b) Financial instruments

The Group has elected to apply the exemption from restatement of comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. It has therefore continued to apply the previous AGAAP rules to derivatives, financial assets and financial liabilities and also to hedge relationships for the year ended 30 June 2005. There are no adjustments required for differences between previous AGAAP and AASB 132 and AASB 139 to be recognised at 1 July 2005.

(c) Proceeds on sale of non-current assets

Under previous AGAAP, proceeds from the sale of non-current assets were included in revenue and the book value of the assets sold was included in other expense. Under AIFRS, net gains on the sale of assets are presented in other income and net losses in other expense. The effect of this is:

(i) At 1 July 2004 and 30 June 2005

There is no effect on the Group or the parent entity.

(ii) For the year ended 30 June 2005

For the Group, revenue and other expense have decreased by \$32,946 and for the parent entity they have decreased by nil. There is no effect on profit for the year.

(d) Accumulated losses

The effect on accumulated losses of the changes set out above are as follows:

	1 July 2004 \$	30 June 2005 \$
Share-based payments	-	169
Total adjustment	-	169

Adjustments on transition to AASB132 *Financial Instruments: Disclosure and Presentation* and AASB139 *Financial Instruments: Recognition and Measurement* 1 July 2005

The adoption of AIFRSs has not resulted in any material adjustments in respect of these standards.

Compliance statement

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of VALUE AIFRS comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

This report gives a true and fair view of the matters disclosed. This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.

Sign here: *Philip R Wood*

Date: 13 September 2006

Managing Director & Chief Executive Officer

Print name: Philip R Wood