



# Intec Ltd

ABN 25 001 150 849

*Superior and Sustainable Metals Production*

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Australia

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ASX code: INL

## HALF-YEAR FINANCIAL REPORT

**31 DECEMBER 2013**



ASX code: INL

# Corporate Directory

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## Directors

Trevor A Jones (Chairman and Non-executive Director)  
Kieran G Rodgers (Managing Director)  
Daniel J Cronin (Non-executive Director)

## Group Company Secretary

Robert J Waring

## Senior Management

Adam J Randall (General Manager – Tasmania)

## Principal Registered Office

P.O. Box 1507  
North Sydney NSW 2059 Australia  
Level 3, 100 Mount Street  
North Sydney NSW 2060 Australia  
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Email: [mail@intec.com.au](mailto:mail@intec.com.au)  
Website: [www.intec.com.au](http://www.intec.com.au)

## Burnie Research Facility

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

## Share Registry

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000 Australia  
PO Box 3993  
Sydney NSW 2001 Australia  
Telephone: (+61 2) 9290 9600  
Facsimile: (+61 2) 9279 0664  
Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## Stock Exchange Listings and Trading Platform Listings

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

## Auditor

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



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## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Intec Ltd (Intec or the Company) and the entities it controlled (the Group) for the half-year ended 31 December 2013.

### Directors

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

Trevor A Jones (Chairman and Non-executive Director)

Kieran G Rodgers (Managing Director)

James R G Bell (Non-executive Director) Mr Bell was not re-elected at the Annual General Meeting of the Company held on 27 November 2013.

Daniel J Cronin (Non-executive Director) Appointed 26 November 2013.

### Review of Operations and Comments on Results

The Group incurred a loss after providing for income tax for the half-year to 31 December 2013 of \$518,661 (2012 – loss of \$820,702). The loss includes non-cash items of depreciation and amortisation of \$189,707 and an impairment expense of \$108,600. The impairment expense relates to the diminution in value of the Group's shareholding in Bass Metals Ltd.

The Group incurred net cash outflows from operations of \$242,316 for the half-year ended 31 December 2013 (2012 – cash outflows from operations of \$682,419). At 31 December 2013, the Group had net assets of \$3,640,004 (June 2013 - \$4,042,968) and cash balances of \$2,112,135 (June 2013 - \$3,402,821).

### Acquisition of 50% Interest in Science Developments Pty Ltd

On 26 November 2013, the Company completed the acquisition of a 50% interest in Science Developments Pty Ltd (SciDev) for a cash consideration of \$1.3 million, which was wholly funded from the Company's cash resources. The Company also holds an option to increase its ownership to 100% based on an agreed formula related to the future profitability of SciDev.

SciDev has operated profitably since establishment in 2001 and has continued to research, develop, manufacture and import a range of coagulants and flocculants for use in wastewater treatment and sludge dewatering principally in the mining and agribusiness industries. Intec believes that there is opportunity for business growth through expansion into other target sectors and geographical areas where SciDev does not currently have a presence.

To assist in the expansion into targeted sectors and new geographical areas, SciDev has employed Mr. Brett Salisbury as Business Development Director. Mr. Salisbury has over 25 years experience in marketing, sales, business development and planning across a range of products and services for the consumer, industrial and government sectors. This includes nine years in business development and consulting roles in the water and wastewater industry sectors in Australia.

The SciDev executive team is currently progressing business development initiatives in the food manufacturing industry, sewage treatment industry and mining industry.

### IRC Project

The status of the IRC Project remains unchanged. The completed engineering design package will be delivered to the client upon receipt of an overdue payment due to Intec International Projects Pty Ltd (IIP), an incorporated 50:50 joint venture between the Company and Mr Reza Maghzian.

### Tasmanian Operations

The remediation work at the former EAF Dust storage site at Hellyer was approved by the Tasmanian EPA and consequently the Company was returned its \$40,000 security bond. The Company's remaining interests in the Hellyer area are its 2.5% Net Smelter Royalty in relation to base metals on certain mining and exploration tenements covering the Hellyer-Que River area and its 5.65% shareholding in Bass Metals Ltd.

During the period, the Company determined that the Burnie Research Facility (BRF) would be re-configured in order to solely treat Tasmanian sourced industrial waste such as that from the ACL Group. The re-configuration resulted in various items of surplus plant equipment being sold.

### Corporate

The Company's Annual General Meeting was held on 27 November 2013. Resolutions 1 and 2, being the consideration of the Financial Report and the adoption of the Remuneration Report, were passed unanimously on a show of hands. Resolution 3, being the re-election of Mr. James Bell as a Director, was not passed.



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Concurrently with the SciDev acquisition announcement on 26 November 2013, Mr. Daniel (Don) Cronin was appointed a Non-Executive Director of Intec. Mr. Cronin has had an extensive international career in the chemicals industry. He has held senior roles in divisional group management, operations and marketing at BASF, Degussa and Sandoz. Mr. Cronin and the Company's Managing Director have been appointed as the Company's nominee Directors on the Board of SciDev.

During the period, the Company received an R & D Tax Offset amount of \$129,478 relating to research and development activities conducted during the 2012/13 financial year.

The Financial Statements for the half-year ended 31 December 2013 include the consolidation of SciDev from the date of acquisition, being 26 November 2013.

**Events occurring after the reporting date**

No events have occurred subsequent to 31 December 2013 requiring disclosure in, or amendment to, these interim financial statements.

**Auditor's Independence Declaration**

An independence declaration from the Company's auditor, Crowe Horwath, Sydney is included on page 17 of the financial report.

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



Kieran G. Rodgers  
**Managing Director**

28 February 2014



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## CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		Half-year	
		31 December 2013	31 December 2012
		\$	\$
Revenue from continuing operations	4	602,369	964,885
Administration expense		(223,085)	(268,007)
Burnie Research Facility expenses		(53,869)	(41,681)
Depreciation and amortisation expense		(189,707)	(398,708)
Employee benefits expense		(341,551)	(691,939)
Engineering and other consultants expenses		(43,911)	(77,218)
Finance costs		(1,044)	(3,178)
Recouped environmental bond		-	121,230
Impairment expense		(108,600)	(156,700)
Occupancy expense		(53,425)	(136,211)
Research and development expenses		(458)	(14,167)
Treatment expense		(104,209)	(119,008)
Other expenses		(1,388)	-
Profit/(loss) before income tax		(518,878)	(820,702)
Income tax expense/(benefit)		(217)	-
Profit/(loss) for the half-year		(518,661)	(820,702)
Other comprehensive income/(loss)		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income/(loss) for the period net of income tax		-	-
Total comprehensive income/(loss) for the period		(518,661)	(820,702)
Profit/(loss) is attributable to:			
Owners of Intec Ltd		(518,375)	(865,788)
Non-controlling interests		(286)	45,086
		(518,661)	(820,702)
Basic Earnings per share (cents per share)		(0.17)	(0.27)
Diluted Earnings per share (cents per share)		(0.17)	(0.27)

The accompanying notes form part of these financial statements.



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## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	31 December 2013 \$	30 June 2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,112,135	3,402,821
Trade and other receivables		191,278	100,017
Cash on Deposit - Environmental bonds		-	40,000
Inventories		220,901	27,509
<b>Total current assets</b>		<b>2,524,314</b>	<b>3,570,347</b>
<b>Non-current assets</b>			
Trade and other receivables		-	-
Other financial assets	6	96,500	205,100
Plant and equipment	7	425,285	501,100
Intangible assets	3, 8	1,191,643	10,000
<b>Total non-current assets</b>		<b>1,713,428</b>	<b>716,200</b>
<b>Total assets</b>		<b>4,237,742</b>	<b>4,286,547</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		228,056	144,932
Current tax liabilities		27,633	-
Borrowings		236,301	-
Provisions		105,748	98,647
<b>Total current liabilities</b>		<b>597,738</b>	<b>243,579</b>
<b>Non-current liabilities</b>			
Trade and other payables		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>597,738</b>	<b>243,579</b>
<b>Net assets</b>		<b>3,640,004</b>	<b>4,042,968</b>
<b>Equity</b>			
Contributed equity		71,641,977	71,641,977
Reserves		2,624,037	2,624,037
Accumulated losses		(70,742,383)	(70,224,008)
Total equity attributable to equity holders of the Company		3,523,631	4,042,006
Non-controlling interest		116,373	962
<b>Total equity</b>		<b>3,640,004</b>	<b>4,042,968</b>

The accompanying notes form part of these financial statements.



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**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Share Capital \$	Reserves \$	Accumulated Losses \$	Non-Controlling Interest \$	Total \$
<b>Balance at 1 July 2012</b>	71,641,977	2,624,037	(67,656,139)	59,317	6,669,192
Loss after income tax expense for the period	-	-	(865,788)	45,086	(820,702)
<b>Balance at 31 December 2012</b>	<u>71,641,977</u>	<u>2,624,037</u>	<u>(68,521,927)</u>	<u>104,403</u>	<u>5,848,490</u>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	71,641,977	2,624,037	(70,224,008)	962	4,042,968
Loss after income tax expense for the period			(518,375)	(286)	(518,661)
Recognition of non-controlling interest in Science Developments Pty Ltd				115,697	115,697
<b>Balance at 31 December 2013</b>	<u>71,641,977</u>	<u>2,624,037</u>	<u>(70,742,383)</u>	<u>116,373</u>	<u>3,640,004</u>

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



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## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year	
	31 December 2013	31 December 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	385,035	761,975
Payment to suppliers and employees	(879,349)	(1,535,438)
Interest paid	(1,044)	-
Interest received	57,795	91,044
R & D Tax Offset received	129,478	-
Other income	65,769	-
Net cash (outflows)/inflows from operating activities	<u>(242,316)</u>	<u>(682,419)</u>
<b>Cash flows from investing activities</b>		
Payment for subsidiary, net of cash acquired	(1,296,916)	-
Proceeds from sale or disposal of plant and equipment	99,000	10,000
Proceeds from security deposits refunded	79,539	2,824,282
Net cash (outflows) /inflows from investing activities	<u>(1,118,377)</u>	<u>2,834,282</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Borrowings	71,173	-
Repayment of Borrowings	(1,167)	-
Net cash inflows/(outflows) from financing activities	<u>70,007</u>	<u>-</u>
Net decrease/increase in cash and cash equivalents held	(1,290,686)	2,151,863
Cash and cash equivalents at the beginning of the financial period	<u>3,402,821</u>	<u>1,399,940</u>
Cash and cash equivalents at the end of the financial period	<u>2,112,135</u>	<u>3,551,803</u>

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



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## NOTES TO THE FINANCIAL STATEMENTS

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

This condensed consolidated Financial Report for the half-year to 31 December 2013 is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

For the purpose of preparing the Half-Year Financial Report, the half-year has been treated as a discrete reporting period.

The Half-Year Financial Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Half-Year Financial Report should be read in conjunction with the Annual Financial Report of Intec as at 30 June 2013. 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 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1B below.

#### B. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has adopted AASB 10: Consolidated Financial Statements. This standard is mandatorily applicable from 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change. The revised wording of accounting policy for consolidation is set out in Note 1C.

#### Fair value measurements and disclosures

The Group has adopted AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards are mandatorily applicable from 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Note 6 describes the fair value measurement for listed securities and Note 3 describes the fair values used in the business combination.

#### C. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Intec Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### D. Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. the consideration transferred;
- ii. any non-controlling interest; and
- iii. the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 3 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

### E. Intangibles Other than Goodwill

Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful lives of 10 years.

### F. Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

## NOTE 2: GOING CONCERN BASIS

The Half-Year Financial Report has been prepared on a going concern basis. The Directors consider the Group has adequate funding and therefore, no adjustments have been made to the Half-Year Financial Report that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the interim financial statements on a going concern basis.



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3: BUSINESS COMBINATIONS

On 26 November 2013, the Group acquired 50% of the issued capital of Science Developments Pty Ltd, a company that manufactures chemicals for use in waste water treatment, for a purchase consideration of \$1,300,100. The acquisition is part of the Group's overall strategy to expand its interests in the treatment of industrial waste. The purchase was satisfied by the payment of \$1,300,100.

	Fair Value \$
Purchase Consideration:	
- Cash	1,300,100
- Non – Controlling Interest	115,698
	<u>1,415,798</u>
<b>Less:</b>	
Cash	3,185
Receivables (i)	231,077
Inventories	157,361
Property, plant and equipment	117,176
Trademarks (iii)	296,100
Trade Payables	(277,403)
<b>Identifiable assets acquired and liabilities assumed</b>	<u>527,496</u>
<b>Goodwill (ii)</b>	<u>888,301</u>
Purchase consideration settled in cash	<u>1,300,100</u>
<b>Cash outflow on acquisition, net of cash acquired</b>	<u>1,296,915</u>

- (i) The Directors believe the receivables are fully recoverable and no provision for impairment is required.
- (ii) The goodwill is attributed to the competitive position of SciDev's product portfolio in wastewater treatment. No amount of goodwill is deductible for tax purposes.
- (iii) Trademarks valued at \$296,100 are being amortised over ten years and amortisation of \$2,758 has been recognised for the month of December 2013.

### NOTE 4: REVENUE

	31 December 2013	31 December 2012
	\$	\$
Consulting fees	145,626	308,315
Product sales	125,384	12,656
Interest received	50,933	98,774
Government subsidies	129,478	497,859
Profit on disposal of non-current assets	91,430	10,000
Sundry income	59,518	47,281
<b>Total revenue from continuing operations</b>	<u>602,369</u>	<u>964,885</u>

Revenues from continuing operations were generated from ongoing recycling operations at Burnie, receipt of an R & D Tax Offset and other minor sources.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 5: SEGMENT INFORMATION

The Group currently operates in one business segment. However, a discontinued operation relating to previous activities at the Hellyer Minesite, now owned by another party, does have a continuing impact on the financial statements; refer Note 6 – Other Financial Assets.

### NOTE 6: OTHER FINANCIAL ASSETS

The Group holds an investment in Bass Metals Ltd (BSM). The closing market price at 31 December 2013 of BSM shares and BSM options was 0.005 cents and 0.001 cents respectively, valuing the Group's BSM holding at \$93,600 (18,100,000 shares at 0.005 cents/share and 3,100,000 options at 0.001 cents/option). An impairment expense of \$108,600 was therefore raised against the BSM investment book value of \$202,200.

### NOTE 7: PLANT & EQUIPMENT

#### Burnie Research Facility

The carrying value of the Burnie Research Facility was \$145,617 at 31 December 2013. The Directors consider that no adjustment is necessary to the carrying value of the Burnie Research Facility at 31 December 2013.

### NOTE 8: INTANGIBLE ASSETS ACQUIRED

Intangible assets are comprised of goodwill of \$898,301 and identifiable intangibles of \$293,342. The identifiable intangibles include trademarks held by Science Developments Pty Ltd. The identifiable intangibles are being amortised over 10 years.

### NOTE 9: BORROWINGS

Borrowings consist of a trade finance facility with Westpac Banking Corporation.

### NOTE 10: EVENTS OCCURRING AFTER REPORTING DATE

No events have occurred subsequent to 31 December 2013 requiring disclosure in, or amendment to, these interim financial statements.



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## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Kieran G. Rodgers  
**Managing Director**

28 February 2014



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

### Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Intec Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2013, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration..

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

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the group's financial position as at 31 December 2013 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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

This review report relates to the financial report of the group for the half-year ended 31 December 2013 included on the website of Intec Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

*Independence*

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

*Qualification*

The Burnie Research Facility has a carrying value of \$145,617 as at 31 December 2013 (30 June 2013: \$299,987). We were unable to obtain sufficient appropriate audit evidence regarding the recoverable value of this facility.

*Conclusion*

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

- (i) giving a true and fair view of the group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

*Leah Russell*

**LEAH RUSSELL  
PARTNER**

Dated this 28<sup>th</sup> day of February 2014



The Board of Directors  
Intec Ltd  
Level 3, 100 Mount Street  
North Sydney NSW 2060

Dear Board Members

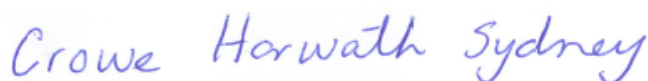
### INTEC LTD AND CONTROLLED ENTITIES

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Intec Ltd.

As lead audit partner for the review of the financial statements of Intec Ltd and its controlled Entities for the period ended 31 December 2013, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



**CROWE HORWATH SYDNEY**



**LEAH RUSSELL  
PARTNER**

Dated this 28<sup>th</sup> day of February 2014