

INDEPENDENCE GROUP NL and controlled entities

ABN 46 092 786 304

HALF-YEAR INFORMATION – 1 JULY 2003 TO 31 DECEMBER 2003

LODGED WITH THE ASX UNDER LISTING RULE 4.2A.

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Independence Group NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

INDEPENDENCE GROUP NL and controlled entities

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HALF-YEAR INFORMATION – 1 JULY 2003 TO 31 DECEMBER 2003

LODGED WITH THE ASX UNDER LISTING RULE 4.2A.3.

Key Information – Results for Announcement to the Market

	\$'000	% Increase/(Decrease) over Previous Corresponding Period
Revenue from ordinary activities	33,549	582%
Profit from ordinary activities after tax attributable to members	9,473	1,113%
Net profit attributable to members	9,473	1,113%

The previous corresponding period is the half-year ended 31 December 2002.

The major factors contributing to the above increases are as follows:-

- 2003 half year results incorporate 6 full months of production at the Long Nickel Mine (the 2002 period only included production from when mining commenced late in October 2002).
- Spot nickel prices during the 2003 period were significantly higher than in 2002.
- 2003 monthly nickel production was significantly higher than in 2002 due to the normalisation of operations resulting in efficiency in the production process and the mining of high-grade nickel ore from outside reserves.

The Company does not propose to pay dividends.

The Company has a 50% interest in associated company Southstar Diamonds Limited.

The Company did not gain or lose control over any entity during the period.

The accounts have been subject to review by BDO Chartered Accountants & Advisors and the accounts are not subject to dispute or qualification.

	2003	2002
Basic earnings per share (cents)	13.86	(1.68)
Diluted earnings per share (cents)	10.05	(1.42)
Net tangible assets per share (cents)	12.65	1.11

Your directors present their report on the consolidated entity consisting of Independence Group NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

Directors

The following persons were directors of Independence Group NL during the whole of the half-year and up to the date of this report unless otherwise noted:

R J Marston
 C M Bonwick
 K A Ross
 J A Christie
 K S Docking (resigned 21 August 2003)

Review of Operations

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Nickel mining	33,398	4,871	14,522	254
Exploration activities	-	-	(551)	(752)
Intersegment eliminations	(300)	(150)	-	-
Unallocated revenue	451	195	-	-
	<u>33,549</u>	<u>4,916</u>	<u>13,971</u>	<u>(498)</u>
Unallocated revenue less unallocated expenses			(438)	(536)
Profit from ordinary activities before income tax expense			13,533	(1,034)
Income tax expense			(4,060)	-
Profit from ordinary activities after income tax expense			9,473	(1,034)
Loss from extraordinary item after income tax			-	-
Net profit attributable to members of Independence Group NL			<u>9,473</u>	<u>(1,034)</u>

Comments on the operations and the results of those operations are set out below:

- a) Nickel mining
 This division consists of Lightning Nickel Pty Ltd's Kambalda operation, the Long Nickel Mine.
- b) Exploration activities
 Exploration expenditure is incurred throughout Australia. The exploration activities in the above segment relate to that portion of exploration expenditure incurred on projects for which the company believes no future income is likely to be generated. Expenditure on projects still in the assessment and evaluation stage are capitalised and are not included in this segment.

Profit from ordinary activities before related income tax expense increased by \$14.5 million (1500%) to \$13.5 million.

The major factors contributing to this increase are as follows:-

- 2003 half year results incorporate 6 full months of production at the Long Nickel Mine (2002 figures reflect the fact that the mine only commenced mining late in October 2002).
- Spot nickel prices during the 2003 period were significantly higher than in 2002.
- 2003 monthly nickel production was significantly higher than in 2002 due to the normalisation of operations resulting in efficiency in the production process and the mining of high-grade nickel ore from outside reserves.

Income tax expense has increased by \$4.1 million due to the increase in profit from operations.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/01/00 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



C M Bonwick
Director

Perth
10 February 2004

Consolidated statement of financial performance
for the half-year ended 31 December 2003

	Half Year 2003	2002
	\$'000	\$'000
Revenue from operating activities	33,398	4,871
Revenue from outside the operating activities	151	45
Revenue from ordinary activities	33,549	4,916
Raw materials and consumables used	(4,163)	(1,367)
Employee benefits expense	(4,408)	(1,590)
Depreciation and amortisation expenses	(4,104)	(827)
Borrowing costs expense	(736)	(353)
Exploration costs written off	(551)	(752)
Provision for mine rehabilitation	(30)	-
Other expenses from ordinary activities	(6,024)	(1,061)
Profit from ordinary activities before income tax expense	13,533	(1,034)
Income tax expense	(4,060)	-
Profit from ordinary activities after income tax expense	9,473	(1,034)
Profit from extraordinary item after related income tax expense	-	-
Net profit	9,473	(1,034)
Total revenues, expenses and valuation adjustments attributable to members of Independence Group NL and recognised directly in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	9,473	(1,034)
	Cents	Cents
Basic earnings per share	13.86	(1.68)
Diluted earnings per share	10.05	(1.42)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
for the half-year ended 31 December 2003

	Notes	31 December 2003 \$'000	30 June 2003 \$'000
Current assets			
Cash assets		11,283	4,041
Receivables		13,412	5,691
Inventories		37	41
Other	4	16,934	14,460
Total current assets		41,666	24,233
Non-current assets			
Receivables		21	1,001
Investments accounted for using the equity method		564	561
Property, plant and equipment		7,769	8,608
Exploration and development expenditure		12,698	11,590
Deferred tax assets		572	3,535
Mine acquisition and pre-production costs		2,277	2,733
Other		-	7
Total non-current assets		23,901	28,035
Total assets		65,567	52,268
Current liabilities			
Payables		5,527	4,577
Interest bearing liabilities		6,760	4,738
Current tax liabilities		1,006	-
Other	4	16,867	14,697
Total current liabilities		30,160	24,012
Non-current liabilities			
Payables		-	-
Interest bearing liabilities		9,850	12,460
Deferred tax liabilities		3,611	3,520
Provisions		30	-
Other		-	-
Total non-current liabilities		13,491	15,980
Total liabilities		43,651	39,992
Net assets		21,916	12,276
Equity			
Parent entity interest			
Contributed equity		12,716	12,549
Reserves		-	-
Retained profits		9,200	(273)
Total equity		21,916	12,276

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the half-year ended 31 December 2003

	Half Year	
	2003	2002
	'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	26,492	5,358
Payments to suppliers and employees (inclusive of goods and services tax)	(14,235)	(4,860)
	12,257	498
Interest received	147	43
Borrowing costs	(736)	(226)
GST refunded from ATO	-	649
Net cash inflow from operating activities	11,668	964
Cash flows from investing activities		
Payment for purchase of mine prospects	-	(11,770)
Payments for pre-production costs	-	(1,393)
Payments for property, plant and equipment	(1,520)	(5,461)
Payments for investments - bonds	(3)	(980)
Payments for capitalised research and development costs	(5)	-
Payments for exploration and development expenditure	(3,559)	(672)
Proceeds – sale of property, plant and equipment	4	-
Repayment of loans by related parties	-	7
Net cash (outflow) from investing activities	(5,083)	(20,269)
Cash flows from financing activities		
Proceeds from issues of shares	167	7,005
Proceeds from borrowings	-	13,000
Proceeds from investments - bonds	490	-
Payment of costs relating to issue of shares	-	(301)
Net cash inflow from financing activities	657	19,704
Net increase in cash held	7,242	399
Cash at the beginning of the reporting period	4,041	2,410
Effects of exchange rate changes on cash	-	-
Cash at the end of the reporting period	11,283	2,809

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Independence Group NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Segment information

Primary reporting – business segments

Half-year 2003	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total segment revenue	33,398	-	-	33,398
Unallocated revenue				151
Revenue from ordinary activities				33,549
Segment result	14,522	(551)	-	13,971
Unallocated revenue less unallocated expenses				(438)
Profit from ordinary activities before income tax expense				13,533
Half-year 2002	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total segment revenue	4,871	-	-	4,871
Unallocated revenue				45
Revenue from ordinary activities				4,916
Segment result	254	(752)	-	(498)
Unallocated revenue less unallocated expenses				(536)
Profit from ordinary activities before income tax expense				(1,034)

Notes to the consolidated financial statements
for the half-year ended 31 December 2003
(continued)

Note 3. Equity securities issued

	Half-year		Half-year	
	2003	2002	2003	2002
Issues of ordinary shares during the half-year	No. of Shares	No. of Shares	\$'000	\$'000
Exercise of options issued under the Independence Group NL Employee Option Plan	250	-	87	-
Contributing shares paid up at 10 cents each	145	-	15	-
Listed options converted at 20 cents each	131	5	26	1
Issue ordinary shares at 34 cents each	-	20,600	-	7,004

Note 4. Foreign exchange and commodity contracts

	Half-year	
	2003	2002
	\$'000	\$'000s
Forward foreign exchange contracts	16,526	5,229
Futures commodity contracts	(62,963)	(8,040)
	(46,437)	(2,811)

The net fair value of forward foreign exchange contracts of \$16,525,945 is recognised in the Consolidated Statement of Financial Position at 31 December 2003. The net fair value on commodity contracts at 31 December 2003 has not been recognised in the Consolidated Statement of Financial Position. The net fair value of forward foreign exchange contracts and commodity contracts are based on the exchange rate and commodity prices prevailing at 31 December 2003 and have not been discounted.

The directors declare that the financial statements and notes set out on pages 5 to 9:

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

In the directors' opinion:

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



C M Bonwick
Director

Perth
10 February 2004



Chartered Accountants
& Advisers

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF INDEPENDENCE GROUP NL

Scope

We have reviewed the financial report being the Statement of Financial Performance, Statement of Financial Position, Statements of Cash Flows and Directors' Statement of Independence Group NL for the half-year ended 31 December 2003. The financial report is the consolidated accounts of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report 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 is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial statements with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an opinion.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Independence Group NL is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.

BDO Chartered Accountants


G F Brayshaw
Partner

Perth, Western Australia
11 February 2004

