



27<sup>th</sup> August 2009

**Australian Stock Exchange Limited**  
**Company Announcements**  
**Level 10, 20 Bond Street**  
**SYDNEY NSW 2000**

NO. OF PAGES : (11)

## **FINAL DIVIDEND DISTRIBUTION AND PRELIMINARY FINAL RESULT**

### **FINAL DIVIDEND 2009**

Independence Group NL is pleased to announce that a final dividend of 3 cents per share will be paid to shareholders based upon the financial results for the year ending 30 June 2009.

The dividend will be fully franked.

The dividend will be paid on 29<sup>th</sup> September 2009.

The record date to determine dividend entitlements is 17<sup>th</sup> September 2009.

### **PRELIMINARY FINAL RESULTS**

Independence Group NL is pleased to announce a net profit after tax of \$16.1 million. (An estimated and unaudited profit of \$13.4 million was provided in the June 2009 Quarterly Report. Higher nickel prices since 30 June have resulted in an increase in the value of provisionally priced nickel deliveries resulting in an increased profit.)

Preliminary Final Report information is attached to this announcement.

**CHRISTOPHER BONWICK**  
Managing Director

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2008 TO 30 JUNE 2009**

**LODGED WITH THE ASX UNDER LISTING RULE 4.3A**

<b>CONTENTS</b>	<b>PAGE</b>
Key Information – Results for Announcement to the Market .....	2
Preliminary Final Report	
Review of Operations .....	3
Consolidated Income Statement .....	4
Consolidated Balance Sheet .....	5
Consolidated Cash Flow Statement .....	6
Consolidated Statement of Changes in Equity .....	7
Notes to the Consolidated Financial Statements .....	8

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2008 TO 30 JUNE 2009**  
**LODGED WITH THE ASX UNDER LISTING RULE 4.3A**

**Key Information – Results for Announcement to the Market**

	\$'000	% Increase/(Decrease) over Previous Corresponding Period
Revenue from ordinary activities	101,101	(32%)
Profit from ordinary activities after tax attributable to members	16,121	(69%)
Net profit attributable to members	16,121	(69%)

The previous corresponding period is the year ended 30 June 2008.

	2009	2008
Basic earnings per share (cents)	14.14	44.54
Diluted earnings per share (cents)	14.11	43.82
Net tangible assets per share (cents)	134.13	133.08

The major factor contributing to the above decreases was that spot nickel prices during the 2009 period were significantly lower (by approximately A\$14,349/tonne) than in the previous corresponding period.

The net profit after tax of \$16.1 million is \$2.7 million higher than the unaudited estimate of \$13.4 million provided in the June 2009 Quarterly Report. The increase in profit is due to the effect of higher nickel prices prevailing since 30 June 2009 on the portion of nickel sales subject to provisional pricing.

The Company paid a fully franked interim dividend of 2 cents per share from 2008/9 profits. The Company has announced a fully franked 2008/9 final dividend of 3 cents per share will be paid on 29 September 2009. The record date for determining dividend entitlements is 17 September 2009.

3,791,918 shares were bought back by the Company during an on-market buy-back of its listed shares which commenced on 8 August 2008 and concluded on 24 November 2008. The total cost of the buy-back was \$10,696,494.

The Company had a 50% interest in associated company Southstar Diamonds Limited which was deregistered during the year. The investment has been written off in the Company's financial accounts.

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

The accounts are currently being audited by BDO Kendalls who have advised that the accounts are not likely to be subject to dispute or qualification.

## Review of Operations

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

	Segment revenues		Segment results	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Nickel mining	93,855	137,655	45,095	87,423
Exploration activities	-	-	(20,041)	(13,224)
Intersegment eliminations	-	-	-	-
Unallocated revenue	7,246	11,480	-	-
	<u>101,101</u>	<u>149,145</u>	<u>25,054</u>	<u>74,199</u>
Unallocated revenue less unallocated expenses			-	-
Profit from ordinary activities before income tax expense			25,054	74,199
Income tax expense			(8,933)	(22,661)
Profit from ordinary activities after income tax expense			16,121	51,538
Loss from extraordinary item after income tax			-	-
Net profit attributable to members of Independence Group NL			<u>16,121</u>	<u>51,538</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 decreased by \$49.0 million (66%) to \$25.0 million.

The major factor contributing to the decrease in profit was that spot nickel prices during the 2009 period were considerably lower (by approximately A\$14,349/tonne) than in 2008.

### Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100 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.

**Consolidated Income Statement**  
For the year ended 30 June 2009

	2009	2008
	\$'000	\$'000
Revenue from operating activities	93,855	137,665
Revenue from outside the operating activities	7,246	11,480
<b>Total revenue</b>	<b>101,101</b>	149,145
Mining and development costs	(17,280)	(20,262)
Employee benefits expense	(18,120)	(18,529)
Share-based payment expense	(189)	(930)
Revaluation/(devaluation) of listed investments	(8,276)	(5,326)
Impairment of loan to associated company	(63)	(1,325)
Impairment of investment in associated company	-	(564)
Depreciation and amortisation expenses	(11,998)	(8,800)
Borrowing costs expense	(23)	(106)
Exploration costs expensed	(1,437)	(1,279)
Capitalised exploration costs written off	(4,936)	(1,208)
Provision for mine rehabilitation	(13)	(417)
Reversal of over-stated provision for mine rehabilitation	1,321	-
Ore tolling costs	(8,205)	(8,913)
Royalty expense	(3,451)	(4,651)
Other expenses	(3,377)	(2,636)
	<b>25,054</b>	74,199
<b>Profit before income tax expense</b>		
	<b>(8,933)</b>	(22,661)
<b>Income tax expense</b>		
	<b>16,121</b>	51,538
<b>Net profit attributable to members</b>		
	<b>Cents</b>	Cents
Basic earnings per share	<b>14.14</b>	44.54
Diluted earnings per share	<b>14.11</b>	43.82

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

## Consolidated Balance Sheet

As at 30 June 2009

	Notes	30 June 2009 \$'000	30 June 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents		127,238	145,384
Trade and other receivables		25,646	13,485
Current tax receivable		1,393	8,721
Inventories		310	369
Other financial assets	3	2,465	18,913
<b>Total current assets</b>		<b>157,052</b>	<b>186,872</b>
<b>Non-current assets</b>			
Trade and other receivables		30	25
Investments in equity accounted investees		-	-
Property, plant and equipment		6,108	6,108
Exploration and development expenditure	4	58,791	45,293
Deferred tax assets		6,367	9,558
Intangible assets		1,281	-
Mine acquisition and pre-production costs		1,394	1,751
<b>Total non-current assets</b>		<b>73,971</b>	<b>62,735</b>
<b>Total assets</b>		<b>231,023</b>	<b>249,607</b>
<b>Current liabilities</b>			
Trade and other payables		13,338	16,906
Borrowings		-	632
Other financial liabilities		3,606	20,722
<b>Total current liabilities</b>		<b>16,944</b>	<b>38,260</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		17,438	16,043
Provisions		1,205	2,347
<b>Total non-current liabilities</b>		<b>18,643</b>	<b>18,390</b>
<b>Total liabilities</b>		<b>35,587</b>	<b>56,650</b>
<b>Net assets</b>		<b>195,436</b>	<b>192,957</b>
<b>Equity</b>			
Share capital	5	29,078	29,481
Reserves	6	2,446	(2,156)
Retained earnings	6	163,912	165,632
<b>Total equity</b>		<b>195,436</b>	<b>192,957</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Consolidated Cash Flow Statement**  
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	78,220	137,975
Payments to suppliers and employees (inclusive of goods and services tax)	(53,999)	(53,557)
	24,221	84,418
Finance costs	(23)	(106)
Income tax payments	(14,229)	(51,087)
Income tax receipts	15,318	-
Insurance claim receipts	900	-
Other income	103	76
<b>Net cash inflow from operating activities</b>	26,290	33,301
<b>Cash flows from investing activities</b>		
Interest received	6,228	10,272
Payment for purchase of mine prospects	-	(4,000)
Payments for listed investments	(45)	(1,140)
Payments for security bonds	(4)	-
Proceeds from sale of listed investments	-	3,690
Payments for property, plant and equipment	(4,283)	(2,533)
Proceeds from sale property, plant and equipment	220	580
Payments for capitalised development costs	(5,754)	(4,512)
Payments for exploration and evaluation expenditure	(20,481)	(23,799)
Payments for intangible assets	(1,378)	-
Loans to associated company	(63)	(425)
<b>Net cash (outflow) from investing activities</b>	(25,560)	(21,867)
<b>Cash flows from financing activities</b>		
Proceeds from issues of share capital	545	2,860
Repayment of borrowings	(632)	(1,279)
Payments to buy-back shares	(10,697)	-
Payment of dividends	(8,092)	(19,617)
<b>Net cash (outflow) from financing activities</b>	(18,876)	(18,036)
<b>Net increase/(decrease) in cash held</b>	(18,146)	(6,602)
Cash and cash equivalents at the beginning of the reporting period	145,384	151,986
Effects of exchange rate changes on cash	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	127,238	145,384

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2009

CONSOLIDATED	Issued Capital	Retained Earnings	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2007</b>	26,621	133,712	(57,452)	102,881
Profit on cashflow hedges	-	-	54,366	54,366
Total income and expense for the year recognised directly in equity	-	-	54,366	54,366
Profit for the year	-	51,538	-	51,538
<b>Total recognised income/expense for the year</b>	-	<b>51,538</b>	<b>54,366</b>	<b>105,904</b>
Cost of share-based payment	-	-	930	930
Exercise of options	2,860	-	-	2,860
Equity dividends	-	(19,618)	-	(19,618)
<b>At 30 June 2008</b>	<b>29,481</b>	<b>165,632</b>	<b>(2,156)</b>	<b>192,957</b>
<b>At 1 July 2008</b>	<b>29,481</b>	<b>165,632</b>	<b>(2,156)</b>	<b>192,957</b>
Profit on cashflow hedges	-	-	4,413	4,413
Total income and expense for the year recognised directly in equity	-	-	4,413	4,413
Profit for the year	-	16,121	-	16,121
<b>Total recognised income/expense for the year</b>	-	<b>16,121</b>	<b>4,413</b>	<b>20,534</b>
Cost of share-based payment	-	-	189	189
Exercise of options	545	-	-	545
On-market share buy-back	(948)	(9,749)	-	(10,697)
Equity dividends	-	(8,092)	-	(8,092)
<b>At 30 June 2009</b>	<b>29,078</b>	<b>163,912</b>	<b>2,446</b>	<b>195,436</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*



**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2009

**Note 1. Segment information**

**Primary reporting – business segments**

<b>Year</b>	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
2009				
Total segment revenue	94,770	-	6,331	101,101
Unallocated revenue				-
Revenue from ordinary activities				101,101
Segment result	37,749	(19,026)	6,331	25,054
Unallocated revenue less unallocated expenses				-
Profit before income tax expense				25,054
Year 2008				
Total segment revenue	138,082	792	10,271	149,145
Unallocated revenue				-
Revenue from ordinary activities				149,145
Segment result	78,144	(14,216)	10,271	74,199
Unallocated revenue less unallocated expenses				-
Profit before income tax expense				74,199

**Note 2. Revenue**

	<b>2009</b> \$'000	2008 \$'000
<b>Revenue from operating activities</b>		
Sale of goods	93,855	137,665
<b>Revenue from outside operating activities</b>		
Interest	6,228	10,272
Other revenue	1,018	1,208
<b>Total revenue</b>	<b>101,101</b>	149,145

**Note 3. Other financial assets**

**Current**

Foreign exchange gain	1,290	9,444
Investment in Australian listed entities at market value	1,175	9,469
	<b>2,465</b>	18,913

**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2009

**Note 4. Exploration and development expenditure**

	2009	2008
	\$'000	\$'000
<b>Exploration and evaluation expenditure:</b>		
Opening balance	35,124	12,339
Current year's expenditure	20,481	26,349
Transfer to development expenditure	(5,355)	-
Written off during the year	(4,936)	(1,208)
Amortisation expense	(3,553)	(2,356)
	41,761	35,124
<b>Development expenditure:</b>		
Opening balance	10,169	7,245
Current year's expenditure	5,754	4,512
Transfer from exploration expenditure	5,355	-
Amortisation expense	(4,248)	(1,588)
	17,030	10,169
	58,791	45,293

**Note 5. Contributed equity**

	2009	2008	2009	2008
	No. of Shares	No. of Shares	\$'000	\$'000
	'000	'000	\$'000	\$'000
<b>Issues of ordinary shares during the year</b>				
Exercise of options issued under the Independence Group NL Employee Option Plan	340	931	400	1,454
Directors options converted at \$1.03 each	-	650	-	669
Directors options converted at \$1.33 each	-	375	-	460
Unlisted options converted at \$1.16 each	125	272	145	316
	3,791	-	948	-
<b>Ordinary shares cancelled during the year</b>				
Fully paid ordinary shares bought back	3,791	-	948	-
<b>Issued and paid up capital at end of the year</b>				
Fully paid ordinary shares	113,614	116,940	29,078	29,481

**Note 6. Other Information**

**(a) Reconciliation of retained earnings**

Balance at the beginning of the year	165,632	133,712
On-market share buy-back	(9,749)	-
Net profit attributable to members of Independence Group NL	16,121	51,538
Total available for appropriation	172,004	185,250
Dividends paid during the year	(8,092)	(19,618)
Balance at the end of the year	163,912	165,632

**(b) Dividends paid**

Dividends paid during the year (fully franked)	8,092	19,618
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**(c) Reserves**

Share-based payment reserve	3,954	3,765
Hedge reserve	(1,508)	(5,921)
	2,446	(2,156)

**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2009

**Note 7. Subsequent events**

On 27 August 2009 the Company announced a final 2008/9 dividend of 3 cents per share. The dividend will be fully franked and is payable on 29 September 2009. The record date for determining dividend entitlements is 17 September 2009.