SCIDEV

INNOVATIVE SCIENCE • REAL VALUE

ANNUAL REPORT 2018

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SciDev Ltd

ABN 25 001 150 849

Consolidated Financial Report for the Financial Year End 30 June 2018

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Letter from the Chairman and Managing Director

26 October 2018

Dear SciDev Shareholder,

This is SciDev Ltd's ('SciDev' or 'the Company') seventeenth Annual Report since listing on the Australian Securities Exchange (ASX) and includes the audited financial statements for the financial year ending 30 June 2018.

During the 2017/18 year, the Company recorded a 15% increase in revenue to $2.213 million due to higher chemical sales and OptiFlox® System leasing fees. The Company recorded a profit after tax of $1.001 million, which compares with the loss after tax of $0.597 million for the previous corresponding period. The profit was principally a result of the sale of Intec Zeehan Residues Pty Ltd, whose principal asset is the mining lease on which is located the Zeehan slag dump. The consideration received for the sale was principally in the form of shares in Tartana Resources Limited (Tartana). The value of these shares will be dependent upon the future market price of Tartana shares, movements in which will be recorded in the Statement of profit or loss for the Company.

The key achievements during the year and to the date of this letter are as follows:

- Significant strengthening of the Company's management through the addition of Lewis Uttiing, Jamiel Muhor and Steve Ward.
- Successful completion of a $860,000 capital raising that was strongly supported by senior management and the Sinoz Group, which is a globally significant supplier of chemicals and reagents to the mining and agribusiness industries.
- Progress on North American market entry through execution of MOUs with the Phoenix Process Equipment Co., and the SeyDel Companies Inc., and the receipt of purchase orders for chemical product from a Peabody Energy mine in the United States.
- Validation of the cost and productivity benefits of the OptiFlox® System from its extensive period of operation at the Wilpinjong coal mine.
- Agreements for commercial trials of OptIFlox® Systems at two coking coal operations in the Bowen Basin, Queensland and at an Iluka Resources mineral sands operation.
- Divestment of subsidiary Intec Zeehan Residues Pty Ltd for an agreed consideration of $500,000 and the staged issue of 15 million shares in Tartana Resources Ltd at a deemed issue price of $0.10 per share.

The key objectives for the current financial year are as follows:

- Successful OptiFlox® trials leading to significantly increased chemical sales;
- Establishment of North American manufacturing operations; and
- Completion of the divestment of Intec Zeehan Residues Pty Ltd.

We would like to thank shareholders for their ongoing support and commitment. We look forward to updating you on our endeavours and achievements throughout this financial year.

Yours sincerely,

Trevor Jones
Chairman

Kieran Rodgers
Managing Director

Directors Report

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Trevor A Jones
Kieran G Rodgers
Daniel (Don) J Cronin

Principal activities

The principal activity of the Consolidated Entity is the manufacture and supply of chemicals for industrial wastewater treatment.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $1,001,869 (30 June 2017: loss of $682,151). The profit for the Consolidated Entity was principally a result of the sale of Intec Zeehan Residues Pty Ltd. This sale resulted in a net gain on disposal of $1,989,200 (refer to Note 6 of the financial statements). Net cash outflows from operating activities during the year were $892,345 (30 June 2017: $225,298).

Excluding the sale of Intec Zeehan Residues Pty Ltd, revenue from sales to customers during the year was $2,186,643 (30 June 2017: $1,911,846), representing an increase of 14.4%.

Operational progress

During the year and subsequent to year-end, the Company achieved further industry acceptance of the OptiFlox® System. At the date of this report, the Company has five systems either installed or shortly to commence commercial trials.

Wilpinjong thermal coal mine (Peabody Energy)

OptiFlox® System is installed at the tailings thickener and over its period of operation has successfully demonstrated to the customer material savings in operating costs and significant improvements in productivity.

Dairy manufacturing plant (Lion Dairy & Drinks)

OptiFlox® System is installed in the dissolved air flotation unit in the wastewater treatment plant. Installation complements existing and ongoing chemical sales at the facility.

Major coking coal operation in Bowen Basin, Queensland

In June 2018, the Company secured a six-month commercial trial with a global leader in coking coal production in the Bowen Basin of Queensland. The approval of the trial follows extensive on-site technical evaluations by Company personnel. The OptiFlox® System will be trialed on one of the multiple Phoenix Process Equipment Co. belt press filters in the coal handling & preparation plant for a trial period of six months. Dependent upon the success of the trial, there are future opportunities for multiple units to be deployed at the trial site. At the date of this report, the OptiFlox® System has been deployed to the trial site and is currently in the process of being installed and commissioned.

Directors Report (continued)

North Goonyella coking coal mine (Peabody Energy)

- Subsequent to year-end, the Company received a purchase order for an OptiFlox® System, to be used in a six-month trial at Peabody Energy's North Goonyella coking coal mine, in the Bowen Basin, Queensland. The system will be installed during the December quarter of 2018.

Mineral sands operation (Iluka Resources Limited)

- Subsequent to year-end, the Company received a purchase order for a commercial trail of an OptiFlox® System at an Iluka Resource Limited mineral sands operation. The approval of the trial follows extensive on-site technical evaluations by Company personnel. The OptiFlox® System will be installed at the tailings thickener with installation to take place during the December quarter.

By the end of this calendar year, the Company will have five OptiFlox® Systems installed in Australia across four industries; thermal coal extraction, dairy manufacturing, coking coal extraction and mineral sands production. These installations enhance the Company's ability to materially increase revenue from chemical sales.

North American market entry

Phoenix Process Equipment Co.

On 2 January 2018, the Company announced that it had executed an MOU with Phoenix Process Equipment Co. (Phoenix), the world's largest integrated supplier of chemicals and dewatering equipment, to investigate joint business opportunities. Under the MOU, SciDev and Phoenix will evaluate the opportunity for the incorporation of the Company's proprietary OptiFlox® technology into Phoenix's equipment offering, as well as assess the feasibility of a partnership to manufacture certain chemicals for de-watering operations in selected locations throughout North America using SciDev manufacturing technology. The following specific matters have either progressed in relation to the MOU or represent other areas of collaboration:

- The imminent trial of an OptiFlox® System on one of the multiple Phoenix belt press filters at a major coking coal operation in the Bowen Basin, Queensland;
- The recent purchase order received for chemical products from a Peabody Energy coal mine in the United States.

The Seydel Companies Inc.

On 10 January 2018, the Company announced that it had executed an MOU with The Seydel Companies, Inc. (Seydel) headquartered in Pendergrass, Georgia. Seydel is a leading producer of chemicals essential in the textile & apparel, paper & packaging, personal care, agriculture and metalworking industries. Under the terms of the MOU, SciDev and Seydel will collaborate on a business plan to evaluate and potentially establish a facility to manufacture chemicals for wastewater treatment at Seydel's facilities in the US utilising SciDev's manufacturing technology, currently the subject of a pilot plant trial in SciDev's Australian facilities.

Directors Report (continued)

Additions to Management

During the year the Company made significant additions to its management personnel:

Lewis Utting – Project Director
Lewis has over 15 years' experience in the water treatment, mining and chemical industries, principally with BASF, the world's largest chemical producer by chemical sales. Lewis progressed through BASF starting as an Account Manager and finally becoming the Global Project Manager and Global Business Development Manager for the Mining Solutions business. Following twelve years with BASF, Lewis' role with the Company will be primarily focused on driving growth in revenue through the Company's existing client base, as well as seeking new business throughout the Australian mining, dairy, paper and water treatment industries.

Jamiel Muhor – Business Development Manager
Jamiel has over 15 years' experience in the water treatment, mining and chemical industries. He began his career with Ciba, who were subsequently acquired by BASF, the world's largest chemical producer by chemical sales. Jamiel's most recent role at BASF was Head of Mining Technology – Asia Pacific. Previous roles at BASF included Global Account Manager for BHP Billiton, Global Account Manager for Alcoa and Key Account Manager in the Canadian Oil Sands industry. Jamiel will be working closely with Project Director, Lewis Utting, and will be focused on driving growth in revenue through the Company's existing client base, as well as seeking new business throughout the Australian mining, dairy, paper and water treatment industries.

Steve Ward - Technical Account Manager
Steve Ward has been contracted to support the Company's operational activities in the dairy and food sector. Steve has over 30 years of sales, marketing, project management and customer service experience with specialty chemicals and process control systems. He began his career with Taubmans as a laboratory chemist before moving into the water treatment sector where he spent 20 years in technical sales and marketing roles with Nalco, one of the world's leading water treatment chemical companies. Steve's most recent role was with Concept Controls where he managed a specialty water treatment chemical production facility as well as supporting technical sales, marketing and customer service activities.

Sale of Intec Zeehan Residues Pty Ltd

During the year the Company agreed the sale of Intec Zeehan Residues Pty Ltd, whose principal asset is a Mining Lease that holds the Zeehan Slag Dump. The proposed sale to Tartana Resources Limited (Tartana) was approved by shareholders at the Company's Annual General Meeting on 30 November 2017.

The terms on which the Company agreed to divest its subsidiary to Tartana were as follows:

- Issue of 15 million Tartana shares to the Company at a deemed issue price of $0.10 per share;
- Payment to SciDev of $250,000 (this occurred in late December 2017); and
- Payment to SciDev of an additional $250,000, of which $50,000 has been received with the remaining $200,000 plus accrued interest due by 30 September 2018.

At the date of this report, 7,760,000 Tartana shares, representing 19.9% of the issued capital of Tartana have been issued to the Company and the balance of the Tartana shares to be issued to the Company, totalling in aggregate 15,000,000, are expected to be issued in a tranched manner in coming months. However, the final cash payment has not yet been received and the Company has reserved its right to take security over Intec Zeehan Residues Pty Ltd.

Tartana expects to lodge a replacement prospectus shortly thus re-commence capital raising for its Initial Public Offer.

Directors Report (continued)

Corporate Activities

On 25 June 2018, the Company announced a capital raising of $860,000 via a two-tranche share placement process at a placement price of $0.006 per share. The share was completed in early August and resulted in the introduction of both Lewis Utting (Project Director) and Kanins Australia Pty Ltd (Kanins Australia) as substantial shareholders.

Kanins Australia and its associated companies, Sinoz Chemicals and Commodities Pty Ltd (Sinoz)**,** Kemtec Mineral Processing Pty Ltd (Kemtec) and Kanins International Pty Ltd (Kanins International) are globally significant manufacturers and suppliers of chemicals and reagents to the mining industry and the agribusiness sector. Both the SciDev and Sinoz/Kanins/Kemtec (the Sinoz Group) technology portfolios are highly complementary and cover the entirety of the mineral processing reagent value chain from grinding, beneficiation through to tailings and water treatment.

SciDev will benefit from existing Sinoz Group customer relationships, which management believes will accelerate business development activities. The Sinoz Group will benefit from SciDev's leading chemical and OptiFlox® technology and mineral processing expertise allowing them to offer end users a complete solution.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

On 9 July 2018, the Company received a further payment of $50,000 from Tartana Resources Ltd (Tartana) in relation to the sale to Tartana of Intec Zeehan Residues Pty Ltd. The remaining payment from Tartana of $210,000, including accrued interest, is due by 30 September 2018.

On 10 August 2018, the Company completed Tranche 2 of the share placement previously announced on 25 June 2018. Tranche 2 comprised the placement of 69,110,534 shares at an issue price of 0.6 cents per share to raise $414,663 before costs.

After year-end, a further 800,000 Tartana shares have been issued to the Company. The balance of the Tartana shares to be issued to the Company, totalling 7,240,000 shares, are expected to be issued in a tranched manner over the coming months.

On 16 July 2018, the Company announced that it had received a purchase order from Peabody Energy for a six-month commercial trial of an OptiFlox® System at the North Goonyella coking mine in Queensland.

On 2 September 2018, the Company announced that it had received a purchase order from Iluka Resources Limited for a multi-month commercial trial of an OptiFlox® System at a mineral sands operation.

On 19 September 2018, the Company announced that it had received a purchase order for chemical products from a Peabody Energy coal mine in the United States.

On 26 September 2018, the Company announced that it had received a purchase order from Iluka Resources Limited for a trial of the Company's chemical products at an Australian mineral sands operation.

On 3 October 2018, the Company announced that it had not received the final payment amount, from Tartana Resources Pty Ltd being $200,000 plus accrued interest, which was due on 30 September 2018. The Company also announced that it had agreed the terms of a US$350,000 working capital facility with Kanins International Pty Ltd.

On 25 October 2018, the Company announced that it had received a cash refund of approximately $333,000 under the Federal Government's R & D Tax Incentive Program.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Directors Report (continued)

Likely developments and expected results of operations

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Going concern

For the year ended 30 June 2018 the Consolidated Entity generated an operating loss after income tax of $987,331 (2017: $597,340) before taking into account the net gain from the sale of Intec Zeehan Residues Pty Ltd. Net cash outflows from operations were $892,345 (2017: $225,298) for the year ended 30 June 2018. At 30 June 2018 the Consolidated Entity had net assets of $3,950,386 (2017: $2,461,700) and cash balances of $568,187 (2017: $938,714).

These matters give rise to a material uncertainty that may cast doubt whether the Consolidated Entity can continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial statements. The continuing viability of the Consolidated Entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the Consolidated Entity being successful in the following:

- New customer acquisition;
- Commercialisation of the Optiflox® System with resultant increased product sales and technology leasing fees; and
- The raising of sufficient capital by way of either additional debt and/or equity capital.

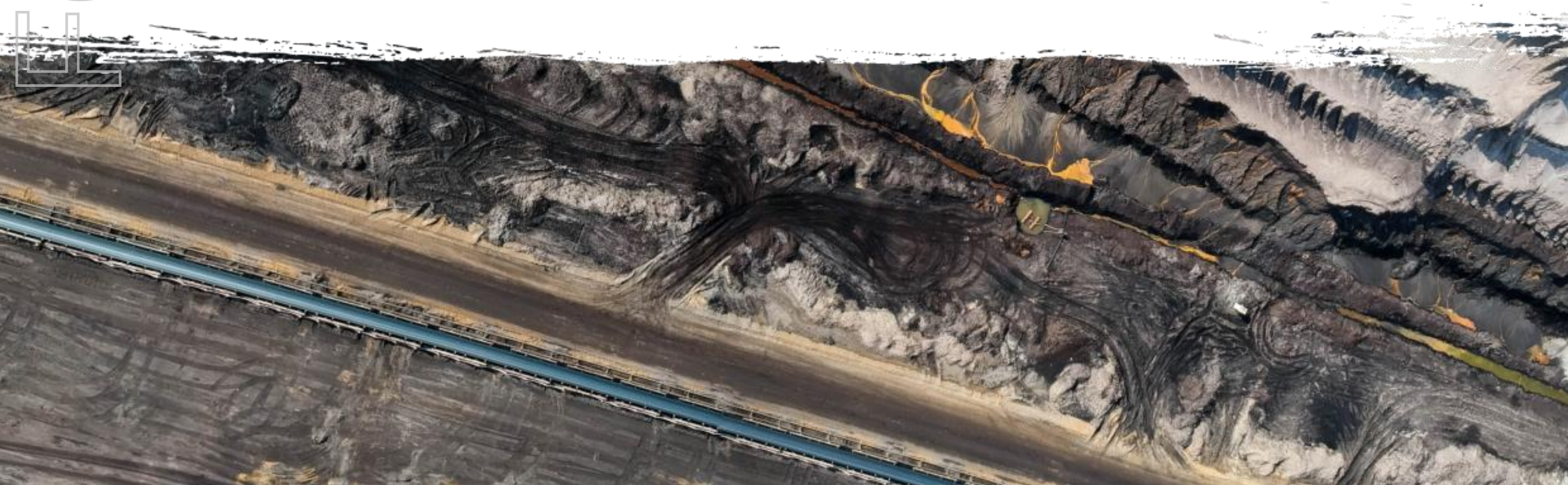
The Directors are of the opinion that sufficient additional funding will be secured and are themselves likely to participate in any future equity capital raising. The financial report has therefore been prepared on the basis of a going concern. This basis presumes that funds from the above sources will be available to finance future operations, and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

However, the Directors note that if sufficient funds are not raised through the above-mentioned sources, the going concern basis may not be appropriate with the result that the group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the financial report.

The company's auditor has, without qualifying their audit opinion, included an 'emphasis of matter' paragraph in their audit report which draws attention to the aforementioned uncertainty regarding going concern.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.



Directors Report (continued)

Information on Directors

Name:	Trevor A Jones
Title:	Chairman
Qualifications:	B.Comm. (Melb)
Experience and expertise:	Mr. Jones has spent over 30 years working in the finance industry in Australia, United Kingdom and the USA. During this time, he has held senior executive positions in investment funds management, stockbroking and corporate finance, and gained a broad experience of capital structuring and capital raising, particularly in the mining sector. Mr. Jones was manager of equity portfolios for Shell Australia and National Employers Mutual in the United Kingdom. He was a Director of County NatWest Securities Australia Ltd in London and then Director of Corporate Finance with Westpac Institutional Bank in Sydney. More recently Mr. Jones was the Sydney Chief Executive for Melbourne-based Austock Group and was Chairman of both its Corporate Finance and Investment Management divisions. He was appointed as a Non-executive Director of SciDev on 28 February 2007.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Corporate Governance Committee and a member of the Audit Committee and the Nomination and Remuneration Committee
Interests in shares:	5,742,331
Interests in options:	1,000,000

Name:	Kieran G Rodgers
Title:	Managing Director
Qualifications:	B.E. (Hons.) Min. (UNSW), M.B.A. (IMD)
Experience and expertise:	Mr. Rodgers joined SciDev in March 2001 after 13 years of experience in merchant banking and financial consulting, principally at Resource Finance Corporation Ltd, which specifically focused on the Australian and international resources industry. He was appointed as an Executive Director of SciDev on 28 February 2007. Mr. Rodgers was appointed Managing Director on 6 February 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director and member of the Corporate Governance Committee
Interests in shares:	40,183,245
Interests in options:	2,000,000

Name:	Daniel J Cronin
Title:	Non-executive Director
Qualifications:	B.E. (Uni. College, Cork) M.Sc. (Southampton), MBA (LBS)
Experience and expertise:	Mr. Cronin was appointed to the Board of SciDev on 26 November 2013. Mr. Cronin began his career as an Engineer with the British consulting firm Halcrow, working for 6 years in the UK and South America. This was followed by 5 years working in project management with the construction Company Gammon in Hong Kong and Singapore. Following completion of an MBA degree, he was employed in the chemical industry for 23 years, initially with Sandoz and later with Degussa and BASF. He has worked in senior general management roles in Zurich, Sydney and Singapore. His most recent position was Senior Vice President – Construction Chemicals for BASF with responsibility for Europe, Middle East and Africa.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit Committee and a member of the Corporate Governance Committee and the Nomination and Remuneration Committee
Interests in shares:	4,659,554
Interests in options:	2,000,000

Directors Report (continued)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Heath L Roberts (Dip Law (S.A.B.) and Grad Dip Legal Practice (UTS)) was appointed to the position of Company Secretary of SciDev Ltd on 1 March 2017. Mr Roberts is a commercial solicitor with over 20 years of listed company experience. He has acted for SciDev in various capacities over the years and brings strong transactional, compliance and capital raising experience to the role.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee*		Audit Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Trevor A Jones	12	12	-	-	3	3
Kieran G Rodgers	12	12	-	-	-	-
Daniel J Cronin	12	12	-	-	3	3

Held: represents the number of meetings held during the time the director held office.
* The Nomination and Remuneration Committee did not meet during the financial year.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

Directors Report (continued)

The Group has structured an executive remuneration framework that is market competitive. The framework provides for a mix of fixed pay and also variable pay and includes long term incentives, when appropriate. There is no defined relationship between Company performance and remuneration at this point in time. However, the matter is under continual review. The fixed proportion of remuneration is currently 100%. The Board has established a nomination and remuneration committee which provides advice on remuneration and incentive policies and practices and makes specific recommendations on remuneration packages and other terms of employment for the Managing Director, other senior executives and Non-Executive Directors. The Corporate Governance Statement provides further information on the role of this Committee.

Non-executive directors remuneration
Fees and payments to the Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non–Executive Directors. The Board undertakes a review of Non-Executive Directors' fees and payments annually.

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' cash remuneration limit, which is periodically recommended for approval by shareholders. The current limit of $400,000 was approved by shareholders at the 2007 Annual General Meeting held on 14 November 2007. The amount paid to non-executive directors of the parent entity (SciDev Ltd) during the year to 30 June 2018 was $125,316 (2017: $127,316). In addition, Non-Executive Directors are able to participate in issues of options pursuant to the SciDev Employee Share Scheme. The value of any options granted to Non-Executive Directors are not included in the aggregate cash remuneration limit as they are not cash based payments.

Executive remuneration
The executive pay and reward framework has two components, which together comprise the executive's total remuneration:

- base pay, superannuation and non-monetary benefits; and
- long term incentives through participation in the SciDev Employee Share Scheme.

The combination of these comprises the executive's total remuneration.

Base pay
Base pay is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay that comprises a fixed component of cash salary and superannuation. Base pay for each senior executive is reviewed annually to ensure the executive's pay is competitive with the market. There is no guaranteed base pay increase included in any executive's contract.

SciDev Employee Share Scheme
Information on the Intec Employee Share Scheme is set out in note 35. Participation in the SciDev Employee Share Scheme is at the discretion of the Board and there is no guarantee of annual participation by any executive.

Use of remuneration consultants
The company did not engage remuneration consultants during the financial year ended 30 June 2018.

Voting and comments made at the company's 30 November 2017 Annual General Meeting ('AGM')
At the 30 November 2017 AGM, 84% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors Report (continued)

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of SciDev Ltd:
- Trevor A Jones - Non-executive Chairman
- Daniel J Cronin - Non-executive Director
- Kieran G Rodgers - Managing Director

And the following person:
- Lewis E Utting - Project Director (1 appointed March 2018)

	Short-term benefits			Post-employment benefits	Long-term benefits	
2018	Cash salary and fees $	Consulting fees $	Non-monetary $	Super-annuation $	Long service leave $	Total $
Non-Executive Directors:						
Trevor A Jones (Chairman)	69,444	-	-	6,597	-	76,041
Daniel J Cronin	45,000	-	-	4,275	-	49,275
Executive Directors:						
Kieran G Rodgers [1]	268,424	-	2,259	20,900	31,007	322,590
Other Key Management Personnel:						
Lewis E Utting [2]	72,917	-	-	6,927	-	79,844
	455,785	-	2,259	38,699	31,007	527,750

1. Cash salary and fees includes $32,423 of accrued annual leave paid out.
2. Lewis Utting was appointed Project Director on 1 March 2018.

	Short-term benefits			Post-employment benefits	Long-term benefits	
2017	Cash salary and fees $	Consulting fees $	Non-monetary $	Super-annuation $	Long service leave $	Total $
Non-Executive Directors:						
Trevor A Jones (Chairman)	69,444	-	-	6,597	-	76,041
Daniel J Cronin	45,000	2,000	-	4,275	-	51,275
Executive Directors:						
Kieran G Rodgers	215,000	-	27,128	20,425	9,137	271,690
	329,444	2,000	27,128	31,297	9,137	399,006

Directors Report (continued)

Details of remuneration

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2018	2017	2018	2017	2018	2017
Non-Executive Directors:						
Trevor A Jones (Chairman)	100%	100%	-	-	-	-
Daniel J Cronin	100%	100%	-	-	-	-
Executive Directors:						
Kieran G Rodgers	100%	100%	-	-	-	-
Other Key Management Personnel:						
Lewis E Utting	100%	-	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Kieran G Rodgers
Title:	Managing Director
Agreement commenced:	1 March 2018
Term of agreement:	Ongoing
Details:	Base salary for the year ended 30 June 2018 of $260,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. The contract may be terminated by 6 months' notice from either party.

Name:	Lewis E Utting
Title:	Project Director
Agreement commenced:	1 March 2018
Term of agreement:	Ongoing
Details:	Base salary for the year ended 30 June 2018 of $250,000 plus superannuation, to be reviewed annually by the Managing Director. The contract may be terminated by 6 months' notice from either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.There were no options for directors and other key management personnel that lapsed during the year ended 30 June 2018.

Directors Report (continued)

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	2015	2014
	$	$	$	$	$
Sales revenue	2,029,373	1,846,985	1,352,346	1,316,493	911,740
Loss after income tax	1,001,869	(597,340)	(458,130)	(856,446)	(1,261,134)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:
Option holding

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Trevor A Jones	5,742,331	-	-	-	5,742,331
Kieran G Rodgers	23,516,577	-	-	-	23,516,577
Daniel J Cronin	4,659,554	-	-	-	4,659,554
Lewis E Utting	-	-	35,512,267	-	35,512,267
	33,918,462	-	35,512,267	-	69,430,729

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

Loans to key management personnel and their related parties

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Trevor A Jones	1,000,000	-	-	-	1,000,000
Kieran G Rodgers	2,000,000	-	-	-	2,000,000
Daniel J Cronin	2,000,000	-	-	-	2,000,000
Lewis E Utting	-	5,000,000	-	-	5,000,000
	5,000,000	-	-	-	10,000,000

There were no loans owing by key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2018.

Other transactions with key management personnel and their related parties
There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2018.

This concludes the remuneration report, which has been audited.

Directors Report (continued)

Shares under option

Unissued ordinary shares of SciDev Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 December 2014*	28 November 2019	$0.025	5,500,000
2 February 2017**	28 November 2019	$0.025	22,500,000
14 August 2017*	28 November 2019	$0.025	6,500,000
28 December 2017***	28 November 2019	$0.025	5,000,000
			39,500,000

* Options granted under the SciDev Employee Share Scheme
** Options granted to the Lead Manager and Underwriter for services rendered in connection with the placement of shares and a share purchase plan
*** Options granted to a key service provider (non-Director) for services rendered.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares issued on the exercise of options

There were no ordinary shares of SciDev Ltd issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Directors Report (continued)

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Rothsay Chartered Accountants

There are no officers of the company who are former partners of Rothsay Chartered Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Rothsay Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Kieran G Rodgers
Managing Director

26 October 2018
Sydney

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of SciDev Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 27 September 2018

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Statement of profit or loss and other comprehensive income

	Note	2018	2017
		$	$
Revenue	5	2,213,767	1,925,233
Other income	6	2,336,187	243,802
Expenses			
Changes in inventories		(4,345)	(46,673)
Raw materials and consumables used		(1,251,282)	(955,068)
Employee benefits expense		(1,006,057)	(741,253)
Depreciation and amortisation expense		(194,171)	(152,193)
Engineering and other consultants expenses		(2,896)	(157,684)
Insurance		(46,067)	(44,081)
Listing and share registry expenses		(35,075)	(38,635)
Professional fees		(557,902)	(153,016)
Rent and related expenses		(151,050)	(124,467)
Travel, accommodation and conference		(143,211)	(90,162)
Other expenses		(158,060)	(112,970)
Finance costs		(6,111)	(26,628)
Profit/(loss) before income tax benefit/(expense)		993,727	(473,795)
Income tax benefit/(expense)	8	8,142	(123,545)
Profit/(loss) after income tax benefit/(expense) for the year		1,001,869	(597,340)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,001,869	(597,340)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		-	84,811
Owners of SciDev Ltd		1,001,869	(682,151)
		1,001,869	(597,340)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	84,811
Owners of SciDev Ltd		1,001,869	(682,151)
		1,001,869	(597,340)
		Cents	**Cents**
Basic earnings per share	34	0.20	(0.23)
Diluted earnings per share	34	0.20	(0.23)

Statement of financial position

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	9	568,187	938,714
Trade and other receivables	10	727,946	334,017
Inventories	11	236,184	231,839
Other		1,754	1,754
Total current assets		1,534,071	1,506,324
Non-current assets			
Available-for-sale financial assets	12	1,502,900	2,900
Property, plant and equipment	13	260,954	291,201
Intangibles	14	1,266,033	1,279,803
Total non-current assets		3,029,887	1,573,904
Total assets		4,563,958	3,080,228
Liabilities			
Current liabilities			
Trade and other payables	15	370,279	358,410
Borrowings	16	31,938	11,957
Employee benefits	17	167,247	163,365
Total current liabilities		569,464	533,732
Non-current liabilities			
Borrowings	18	-	32,546
Deferred tax	8	44,108	52,250
Total non-current liabilities		44,108	84,796
Total liabilities		613,572	618,528
Net assets		3,950,386	2,461,700
Equity			
Issued capital	19	74,118,627	73,673,290
Reserves	20	2,210,703	2,169,223
Accumulated losses		(72,378,944)	(73,380,813)
Total equity		3,950,386	2,461,700

Statement of changes in equity

	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2016	71,641,977	2,653,594	(72,698,662)	169,990	1,766,899
Profit/(loss) after income tax expense for the year	-	-	(682,151)	84,811	(597,340)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(682,151)	84,811	(597,340)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	2,031,313	-	-	-	2,031,313
Share-based payments (note 35)	-	160,828	-	-	160,828
Transactions with non-controlling interests	-	(645,199)	-	(254,801)	(900,000)
Balance at 30 June 2017	73,673,290	2,169,223	(73,380,813)	-	2,461,700

	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity Total equity $
Balance at 1 July 2017	73,673,290	2,169,223	(73,380,813)	-	2,461,700
Profit after income tax benefit for the year	-	-	1,001,869	-	1,001,869
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	1,001,869	-	1,001,869
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	445,337	-	-	-	445,337
Share-based payments (note 35)	-	41,480	-	-	41,480
Balance at 30 June 2018	74,118,627	2,210,703	(72,378,944)	-	3,950,386

Statement of cash flows

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,311,575	1,999,539
Payments to suppliers and employees (inclusive of GST)		(3,507,670)	(2,304,164)
		(1,196,095)	(304,625)
Interest received		6,749	13,387
R&D tax offset received		303,112	218,492
Interest and other finance costs paid		(6,111)	(26,628)
Income taxes paid		-	(125,924)
Net cash used in operating activities	32	(892,345)	(225,298)
Cash flows from investing activities			
Payments for non-controlling interest in subsidiary		-	(660,000)
Payments for property, plant and equipment	13	(97,045)	(190,764)
Payments for intangibles	14	(53,109)	(52,143)
Payments for security deposits		(10,800)	-
Proceeds from disposal of Zeehan Project		250,000	-
Net cash from/(used in) investing activities		89,046	(902,907)
Cash flows from financing activities			
Proceeds from issue of shares	19	445,337	2,100,000
Share issue transaction costs		-	(147,859)
Repayment of borrowings		(12,565)	(363,311)
Net cash from financing activities		432,772	1,588,830
Net increase/(decrease) in cash and cash equivalents		(370,527)	460,625
Cash and cash equivalents at the beginning of the financial year		938,714	478,089
Cash and cash equivalents at the end of the financial year	9	568,187	938,714

Notes to the financial statements

Note 1. General information

The financial statements cover SciDev Ltd as a Consolidated Entity consisting of SciDev Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is SciDev Ltd's functional and presentation currency.

SciDev Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 105
48 Atchison Street
St Leonards
NSW 2065

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
For the year ended 30 June 2018 the Consolidated Entity generated an operating loss after income tax of $987,331 (2017: $597,340) before taking into account the net gain from the sale of Intec Zeehan Residues Pty Ltd. Net cash outflows from operations were $892,345 (2017: $225,298) for the year ended 30 June 2018. At 30 June 2018 the Consolidated Entity had net assets of $3,950,386 (2017: $2,461,700) and cash balances of $568,187 (2017: $938,714).

These matters give rise to a material uncertainty that may cast doubt whether the Consolidated Entity can continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial statements. The continuing viability of the Consolidated Entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the Consolidated Entity being successful in the following:

- New customer acquisition;
- Commercialisation of the Optiflox® System with resultant increased product sales and technology leasing fees; and
- The raising sufficient capital by way of either additional debt and/or equity capital.

Note 2. Significant accounting policies (continued)

The Directors are of the opinion that sufficient additional funding will be secured and are themselves likely to participate in any future equity capital raising. The financial report has therefore been prepared on the basis of a going concern. This basis presumes that funds from the above sources will be available to finance future operations, and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

However, the Directors note that if sufficient funds are not raised through the above-mentioned sources, the going concern basis may not be appropriate with the result that the group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the financial report.

Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SciDev Ltd ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. SciDev Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is SciDev Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets (continued)
Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Consolidated Entity has reviewed its financial assets and liabilities and expects the following impact from the adoption of the new standard from 1 July 2018:

(a) The assets currently classified as available-for-sale will satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. Accordingly, the Consolidated Entity does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. If the irrevocable election is not made, all changes in fair value will no longer be reflected in equity, but rather through profit or loss.
(b) Based on the assessments undertaken to date, the Consolidated Entity does not expect any material change in the impairment provision for trade receivables.

Note 2. Significant accounting policies (continued)

The Consolidated Entity will adopt this standard from 1 July 2018 and will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity has conducted a initial review of its contracts with customers and does not currently anticipate any significant changes to the timing of recognition of revenue.

The Consolidated Entity will adopt this standard from 1 July 2018 and intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 July 2019, but the impact of its adoption is yet to be assessed by the Consolidated Entity.

Note 3. Critical accounting judgements estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. For information relating to the value-in-use calculations refer to note 14.

Note 4. Operating Segments

Identification of reportable operating segments
The Consolidated Entity operates in primarily one geographical segment, namely Australia. The primary business segment is the treatment of industrial waste including the manufacture and supply of chemicals for the treatment of waste water.

Operating and business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Major customers
During the year ended 30 June 2018 approximately 52% (2017: 41%) of the Consolidated Entity's external revenue was derived from sales to the Consolidated Entity's largest customer. No other customer contributed 10% or more to the Consolidated Entity's revenue for both 2018 and 2017.

Revenue by geographical area
The Consolidated Entity operates in one geographical segment being Australia. Revenue from overseas customers is not material to the Consolidated Entity.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	2018 $	2017 $
Sales revenue		
Treatment fees and product sales	2,029,373	1,846,985
Other revenue		
Interest	12,999	13,387
Royalty	14,125	-
Other revenue	157,270	64,861
	184,394	78,248
Revenue	2,213,767	1,925,233

Accounting policy for revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Consulting services and treatment fees
Consulting services and treatment fees are recognised using the percentage-of-completion method for fixed-fee arrangements or as the services are provided for time-and-materials arrangements.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Other income

	2018 $	2017 $
Net foreign exchange gain	20,181	-
Net gain on disposal of Intec Zeehan Residues Pty Ltd (refer note 12)	1,989,200	-
Subsidies and grants	303,112	218,492
Reimbursement of expenses	23,694	25,310
Other income	2,336,187	243,802

Note 7. Expenses

	2018 $	2017 $
Profit/(loss) before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	106,519	110,331
Superannuation expense		
Defined contribution superannuation expense	74,951	59,663

Note 8. Income tax

	2018 $	2017 $
Income tax expense/(benefit)		
Current tax	-	137,177
Deferred tax - origination and reversal of temporary differences	(8,142)	(13,632)
Aggregate income tax expense/(benefit)	(8,142)	123,545
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax liabilities	(8,142)	(13,632)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax benefit/(expense)	993,727	(473,795)
Tax at the statutory tax rate of 27.5%	273,275	(130,294)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	43,105	3,328
Non-assessable income	(630,386)	-
	(314,006)	(126,966)
Current year tax losses not recognised	340,933	239,128
Current year temporary differences not recognised	(30,715)	11,383
Adjustment to deferred tax balances	(4,354)	-
Income tax expense/(benefit)	(8,142)	123,545

	2018 $	2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	66,114,631	64,874,876
Potential tax benefit @ 27.5%	18,181,524	17,840,591

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Income tax (continued)

	2018 $	2017 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Brand name	44,108	52,250
Deferred tax liability	44,108	52,250
Movements:		
Opening balance	52,250	65,882
Credited to profit or loss	(8,142)	(13,632)
Closing balance	44,108	52,250

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

SciDev Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Note 8. Income tax (continued)

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 9. Current assets—cash and cash equivalents

	2018 $	2017 $
Cash on hand	150	150
Cash at bank	568,037	438,564
Cash on deposit	-	500,000
	568,187	938,714

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets—trade and other receivables

	2018 $	2017 $
Trade receivables	457,430	303,480
Other receivables	14,266	30,537
Amount due by Tartana Resources Ltd	256,250	-
	727,946	334,017

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $198,648 as at 30 June 2018 ($127,650 as at 30 June 2017).

The Consolidated Entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Note 10. Current assets—trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	2018 $	2017 $
Past due 1-30 days	105,675	105,718
Past due 31-60 days	31,713	21,932
Past due 61+ days	61,260	-
	198,648	127,650

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 11. Current assets—inventories

	2018 $	2017 $
Stock on hand - at cost	236,184	231,839

Accounting policy for inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Non-current assets—available for sale financial assets

	2018 $	2017 $
Unlisted equity securities	698,900	2,900
Consideration from disposal of Intec Zeehan Residues Pty Ltd*	804,000	-
	1,502,900	2,900

Note 12. Non-current assets—available for sale financial assets

The ageing of the past due but not impaired receivables are as follows:

	2018 $	2017 $
Unlisted equity securities	698,900	2,900
Consideration from disposal of Intec Zeehan Residues Pty Ltd*	804,000	-
	1,502,900	2,900

Refer to note 23 for further information on fair value measurement.

* On 25 October 2017, SciDev Ltd (SDV) entered into a conditional sale agreement to dispose of Intec Zeehan Residues Pty Ltd (IZR), whose principal asset was the Zeehan Zinc Project. The disposal was in order to generate cash flow for the expansion of the Consolidated Entity's core businesses. The disposal was completed on 22 January 2018, on which date control of IZR passed to the acquirer, Tartana Resources Ltd (Tartana).

The total consideration was $2,000,000 in cash and shares in Tartana. The first payment of $250,000 was received in December 2017. A further payment of $50,000 was received on 9 July 2018. The remaining payment of $210,000, including accrued interest, is due by 30 September 2018. Prior to year-end, SciDev had been allotted 6,960,000 ordinary shares in Tartana at a deemed issue price of 10 cents per share. Subsequent to year-end a further 800,000 Tartana shares have been issued to SciDev. The balance of the Tartana shares to be issued to SciDev, totalling 7,240,000 shares, are expected to be issued in a tranched manner over the coming months.

Note 13. Non-current assets—property, plant and equipment

	2018 $	2017 $
Plant and equipment - at cost	619,949	522,904
Less: Accumulated depreciation	(358,995)	(232,781)
	260,954	290,123
Office equipment - at cost	31,028	31,028
Less: Accumulated depreciation	(31,028)	(29,950)
	-	1,078
	260,954	291,201

Note 13. Non-current assets—property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Office equipment $	Total $
Balance at 1 July 2016	225,872	2,673	228,545
Additions	190,764	-	190,764
Disposals	(17,345)	-	(17,345)
Depreciation expense	(109,168)	(1,595)	(110,763)
Balance at 30 June 2017	290,123	1,078	291,201
Additions	97,045	-	97,045
Depreciation expense	(126,214)	(1,078)	(127,292)
Balance at 30 June 2018	260,954	-	260,954

Property, plant and equipment secured under finance leases
Refer to note 26 for further information on property, plant and equipment secured under finance leases.

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	4-7 years
Office equipment	2-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Non-current assets—intangibles

	2018 $	**2017 $**
Goodwill - at cost	1,030,018	1,030,018
Trade marks and intellectual property - at cost	427,942	374,833
Less: Accumulated amortisation	(191,927)	(125,048)
	236,015	249,785
	1,266,033	1,279,803

Note 14. Non-current assets—intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Trademarks and intellectual property $	Total $
Balance at 1 July 2016	1,030,018	239,072	1,269,090
Additions	-	52,143	52,143
Amortisation expense	-	(41,430)	(41,430)
Balance at 30 June 2017	1,030,018	249,785	1,279,803
Additions	-	53,109	53,109
Amortisation expense	-	(66,879)	(66,879)
Balance at 30 June 2018	1,030,018	236,015	1,266,033

Impairment testing
Goodwill which was acquired through a business combination, has been allocated to the Science Development Pty Ltd cash-generating unit (CGU). The recoverable amount of the Consolidated Entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by management and extrapolated for a further 4 years using variable rates, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Key assumptions in the discounted cashflow model include:
(a) Post-tax discount rate of 15% (2017: 12.5%) per annum;
(b) Average revenue growth over the five-year period of 46% (2017: 25%);
(c) Average growth in gross margin over the five-year period of 39% (2017: 26%); and
(d) Average per annum increase in operating expenses of 16% (2017: 5%).

The discount rate of 15% post-tax reflects management’s estimate of the time value of money and the Consolidated Entity’s weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rate is prudent and justified, based on management's expectations of the company's business development pipeline.

The budgeted gross margin is based on past performance and management's expectations for the future.

Management has budgeted for operating costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

Sensitivity to change of assumptions
If the next year’s financial budget used in the value-in-use calculation had been 10% (2017: 10%) lower than management’s estimates at 30 June 2018, the Consolidated Entity would have a recoverable amount in excess of $3.17 million (2017: $2.02 million) against the carrying amount of the cash generating unit to which the goodwill relates. If the post-tax discount rate applied to the cash flow projections of this CGU had been 30% (2017: 20%) higher than management’s estimates (20% instead of 15%) (2017: 15% instead of 12.5%), the Consolidated Entity would have a recoverable amount in excess of $2.91 million (2017: $2.14 million) against the carrying amount of intangible assets and property, plant and equipment.

Note 14. Non-current assets—intangibles (continued)

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks and intellectual property
Significant costs associated with trademarks and intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 15. Non-current assets—trade and other payables

	2018 $	2017 $
Trade payables	260,079	287,455
BAS payable	67,376	16,851
Other payables	42,824	54,104
	370,279	358,410

Refer to note 22 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Current liabilities—borrowings

	2018 $	2017 $
Lease liability	31,938	11,957

Refer to note 22 for further information on financial instruments.

Note 17. Current liabilities—employee benefits

	2018 $	2017 $
Annual leave	40,534	67,659
Long service leave	126,713	95,706
	167,247	163,365

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 18. Non-current liabilities—borrowings

	2018 $	2017 $
Lease liability	-	32,546

Refer to note 22 for further information on financial instruments.

The total secured liabilities (current and non-current) are as follows:

	2018 $	2017 $
Lease liability	31,938	44,503

Assets pledged as security
The leases relate to a motor vehicle provided to the Managing Director. The motor vehicle lease liability is effectively secured over the motor vehicle.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Equity—Issued capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	569,041,473	494,818,673	74,118,627	73,673,290

Note 19. Equity—Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	299,818,669		71,641,977
Share placement	19 December 2016	44,972,800	$0.012	539,674
Share purchase plan	12 January 2017	50,000,004	$0.012	600,000
Share placement	2 February 2017	80,027,200	$0.012	960,326
Acquisition of shares in Science Developments Pty Ltd	27 February 2017	20,000,000	$0.012	240,000
Share issue transaction costs		-	$0.000	(308,687)
Balance	30 June 2017	494,818,673		73,673,290
Share placement	29 June 2018	74,222,800	$0.006	445,337
Balance	30 June 2018	569,041,473		74,118,627

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a Ltd amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share placement
30 June 2017 - The company issued 44,972,800 and 80,027,200 ordinary shares on 19 December 2016 and 2 February 2017 respectively, in terms of a conditional placement to sophisticated and professional investors at an issue price of 1.2 cents per share.

30 June 2018 - The company issued 74,222,800 ordinary shares on 29 June 2018 in terms of a placement to sophisticated and professional investors at an issue price of 0.6 cents per share.

Share purchase plan
30 June 2017 - On 12 January 2017 the company issued 50,000,004 ordinary shares under a Share Purchase Plan at an issue price of 1.2 cents per share. The plan was fully subscribed.

Acquisition of Science Developments Pty Ltd
30 June 2017 - The company exercised its option to acquire the remaining 50% of Science Developments Pty Ltd. The consideration paid for the exercise of the option amounted to $900,000 and was comprised of $660,000 in cash and the issue of 20,000,000 ordinary shares at an issue price of 1.2 cents per share.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 19. Equity—Issued capital (continued)

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2017 Annual Report.

The Consolidated Entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the Consolidated Entity at 30 June 2018 was $964,607 (2017: $972,592).

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Equity—Reserves

	2018 $	2017 $
Share-based payments reserve	2,855,902	2,814,422
Transactions with non-controlling interests	(645,199)	(645,199)
	2,210,703	2,169,223

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Transactions with non-controlling interests
A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 20. Equity—Reserves

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments reserve $	Transactions with non-controlling interests $	Total $
Balance at 1 July 2016	2,653,594	-	2,653,594
Share-based payments	160,828	-	160,828
Acquisition of non-controlling interest in Science Developments Pty Ltd	-	(645,199)	(645,199)
Balance at 30 June 2017	2,814,422	(645,199)	2,169,223
Share-based payments	41,480	-	41,480
Balance at 30 June 2018	2,855,902	(645,199)	2,210,703

Note 21. Equity—Dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	2018 $	**2017 $**
Franking credits available for subsequent financial years based on a tax rate of 30%	82,824	82,824

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 22. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out by Company management and the Board of Directors. Financial risks are identified and evaluated and, where considered necessary, strategies are put in place to investigate and/or minimise such risks.

Note 22. Financial instruments (continued)

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out by Company management and the Board of Directors. Financial risks are identified and evaluated and, where considered necessary, strategies are put in place to investigate and/or minimise such risks.

Market risk

Foreign currency risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Consolidated Entity has a trade finance facility utilised for the purchase of US$ denominated invoices. Purchases through the facility are transacted at the prevailing spot A$/US$ exchange rate and the outstanding amount under the facility is always denominated in A$. The Consolidated Entity has not entered into any foreign currency hedging contracts during the year.

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk
The Consolidated Entity's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk.

As at the reporting date, the Consolidated Entity had the following variable rate borrowings outstanding:

	2018		2017	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Leases	6.00%	31,938	6.00%	44,503
Net exposure to cash flow interest rate risk		31,938		44,503

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2017: 100) basis points would have an adverse/favourable effect on profit before tax of $319 (2017: $455) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. There is no significant concentration of credit risk to any single entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There is no trade debtor or other receivable amount where collateral has been received as security or pledged.

Note 22. Financial instruments (continued)

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

- 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing						
Trade payables and other payables	-	370,279	-	-	-	370,279
Interest-bearing - variable						
Lease liability	6.00%	34,911	-	-	-	34,911
Total non-derivatives		405,190	-	-	-	405,190

- 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing						
Trade payables and other payables	-	358,410	-	-	-	358,410
Interest-bearing - variable						
Lease liability	6.00%	16,329	34,911	-	-	51,240
Total non-derivatives		374,739	34,911	-	-	409,650

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

- 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Consideration from disposal of subsidiary	-	804,000	-	804,000
Equity securities	-	696,000	-	696,000
Equity securities - other	-	2,900	-	2,900
Total assets	-	1,502,900	-	1,502,900

- 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities - other	-	2,900	-	2,900
Total assets	-	2,900	-	2,900

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The consideration from disposal of subsidiary ($804,000) and the equity securities ($696,000) represent the non-cash consideration received from the disposal of a subsidiary to an unlisted entity. The fair value of these financial assets has been determined using the expected initial public offer (IPO) price the unlisted entity is expecting when it lists on the Australian Securities Exchange (ASX).

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 23. Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

	2018 $	2017 $
Short-term employee benefits	458,044	358,572
Post-employment benefits	38,699	31,297
Long-term benefits	31,007	9,137
	527,750	399,006

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Rothsay Chartered Accountants, the auditor of the company

	2018 $	2017 $
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	49,050	31,300
Other services - Rothsay Chartered Accountants		
Tax compliance services	4,000	5,500
	53,050	36,800

Note 25. Commitments

	2018 $	2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	53,750	61,750
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	34,911	16,329
One to five years	-	34,911
Total commitment	34,911	51,240
Less: Future finance charges	(2,973)	(6,737)
Net commitment recognised as liabilities	31,938	44,503
Representing:		
Lease liability - current (note 16)	31,938	11,957
Lease liability - non-current (note 18)	-	32,546
	31,938	44,503

Operating lease commitments includes contracted amounts for various warehouses, offices and plant and equipment under non-cancellable operating leases expiring within 1 year with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 27. Related party transactions

Parent entity
SciDev Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
Details of transactions between the Consolidated Entity and related parties are disclosed below:
Receivable from and payable to related parties

	2018 $	2017 $
Other transactions:		
Subscription for new ordinary shares by key management personnel as result of the share placement and share purchase plan	-	89,744

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 27. Related party transactions (continued)

Loans to/from related parties
Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Note 28. Parent entity information

	2018 $	2017 $
Profit/(loss) after income tax	776,764	(759,995)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	776,764	(759,995)

Statement of financial position

	Parent	
	2018 $	2017 $
Total current assets	634,979	781,510
Total non-current assets	4,027,795	2,631,209
Total assets	4,662,774	3,412,719
Total current liabilities	277,963	258,941
Total non-current liabilities	-	32,546
Total liabilities	277,963	291,487
Net assets	4,384,811	3,121,232
Equity		
Issued capital	74,425,145	73,979,808
Share-based payments reserve	2,763,894	2,722,414
Accumulated losses	(72,804,228)	(73,580,990)
Total equity	4,384,811	3,121,232

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Note 28. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Business combinations

2017
On 27 February 2017 the company acquired the remaining 50% of the ordinary shares of Science Developments Pty Ltd. With the 50% acquisition the Consolidated Entity holds a 100% interest in Science Developments Pty Ltd. The total consideration paid amounted to $900,000 and was comprised of $660,000 in cash and the issue of 20 million fully paid ordinary shares at a deemed issue price of 12 cents per share amounting to $240,000. The values identified in relation to the acquisition of Science Development Pty Ltd are final as at 30 June 2017.

By acquiring 100% ownership of Science Developments Pty Ltd, the Consolidated Entity aims to further enhance the efficiency of operation, expand synergy, strengthen the consolidated profitability, and improve the consolidated enterprise value.

	Fair value **$**
Cash and cash equivalents	18,185
Trade receivables	137,691
Inventories	224,201
Property, plant and equipment	106,028
Trademarks	113,954
Trade and other payables	(205,196)
Deferred tax liability	(63,006)
Net assets acquired	331,857
Goodwill	568,143
Acquisition-date fair value of the total consideration transferred	900,000
Representing:	
Cash paid or payable to vendor	660,000
SciDev Ltd shares issued to vendor	240,000
	900,000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	660,000
Less: cash and cash equivalents	(36,369)
Net cash used	623,631

Note 29. Business combinations (continued)

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 30. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Owners interest	
Name	Principal place of business / Country of incorporation	2018 %	2017 %
Intec Copper Pty Ltd	Australia	100.00%	100.00%
Intec Envirometals Pty Ltd	Australia	100.00%	100.00%
Science Developments Pty Ltd	Australia	100.00%	100.00%
Intec Zeehan Residues Pty Ltd*	Australia	-	100.00%

* Intec Zeehan Residues Pty Ltd was a subsidiary of Intec Envirometals Pty Ltd. Intec Zeehan Residues Pty Ltd was sold during the 2018 financial year (refer note 12).

Note 30. Interest in subsidiaries (continued)

Transactions with non-controlling interests

2017
On 27 February 2017 the Consolidated Entity acquired the remaining 50% of the ordinary shares of Science Developments Pty Ltd. With the 50% acquisition the Consolidated Entity now holds a 100% interest in Science Developments Pty Ltd. The total consideration paid amounted to $900,000 and was comprised of $660,000 in cash and the issue of 20 million fully paid ordinary shares at a deemed issue price of 12 cents per share amounting to $240,000. Immediately prior to the purchase, the carrying amount of the existing 50% non-controlling interest in Science Developments Pty Ltd was $254,801. The Consolidated Entity recognised a decrease in non-controlling interests of $254,801 and a decrease in equity attributable to owners of the parent of $645,199. The effect on the equity attributable to the owners of SciDev Ltd during the year is summarised as follows:

	2018 $	2017 $
Carrying amount of non-controlling interests acquired	-	254,801
Consideration paid to non-controlling interests	-	(900,000)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	-	(645,199)

Note 31. Events after the reporting period

On 9 July 2018, the company received a further payment of $50,000 from Tartana Resources Ltd (Tartana) in relation to the sale to Tartana of Intec Zeehan Residues Pty Ltd. The remaining payment from Tartana of $210,000, including accrued interest, is due by 30 September 2018.

On 10 August 2018, the company completed Tranche 2 of the share placement previously announced on 25 June 2018. Tranche 2 comprised the placement of 69,110,534 shares at an issue price of 0.6 cents per share to raise $414,663 before costs. An Extraordinary General Meeting of the company was held on 2 August 2018 to approve matters relating to both Tranches of the share placement announced on 25 June 2018.

After year-end a further 800,000 Tartana shares have been issued to SciDev. The balance of the Tartana shares to be issued to SciDev, totalling 7,240,000 shares, will be issued in a tranched manner over the coming months.

On 16 July 2018, the company announced that it had received a purchase order from Peabody Energy for a six-month commercial trial of an OptiFlox System at the North Goonyella coking mine in Queensland.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 32. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	2018 $	2017 $
Profit/(loss) after income tax benefit/(expense) for the year	1,001,869	(597,340)
Adjustments for:		
Depreciation and amortisation	194,171	152,193
Net loss/(gain) on disposal of non-current assets	(1,989,200)	17,345
Share-based payments	41,480	-
Interest - non-cash	(6,250)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(137,679)	(118,493)
Decrease/(increase) in inventories	(4,345)	46,201
Decrease in income tax refund due	-	11,253
Decrease in prepayments	-	2
Increase in trade and other payables	11,869	253,274
Decrease in deferred tax liabilities	(8,142)	(13,632)
Increase in employee benefits	3,882	23,899
Net cash used in operating activities	(892,345)	(225,298)

Note 33. Changes in liabilities arising from financing activities

	Trade finance facility $	Lease liability $	Loans from related parties $	Total $
Balance at 1 July 2016	196,535	111,279	100,000	407,814
Net cash used in financing activities	(196,535)	(66,776)	(100,000)	(363,311)
Balance at 30 June 2017	-	44,503	-	44,503
Net cash used in financing activities	-	(12,565)	-	(12,565)
Balance at 30 June 2018	-	31,938	-	31,938

Note 34. Earnings per share

	2018 $	2017 $
Profit/(loss) after income tax	1,001,869	(597,340)
Non-controlling interest	-	(84,811)
Profit/(loss) after income tax attributable to the owners of SciDev Ltd	1,001,869	(682,151)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	495,225,373	299,818,669
Weighted average number of ordinary shares used in calculating diluted earnings per share	495,225,373	299,818,669

	Cents	Cents
Basic earnings per share	0.20	(0.23)
Diluted earnings per share	0.20	(0.23)

Options are considered to be potential ordinary shares but were anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share. These options could potentially dilute basic earnings per share in the future.

Share transactions after the end of the reporting period
The company issued 52,443,867 ordinary shares to sophisticated investors and 16,666,667 ordinary shares to the company's Managing Director on 10 August 2018 and 11 August 2018 respectively. These share transactions would have changed significantly the number of ordinary shares outstanding at 30 June 2018 if these transactions had occurred before the end of the reporting period.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of SciDev Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 35. Share-based payments

Employee Share Scheme
Share based compensation benefits are provided to employees via the SciDev Employee Share Scheme.

At the 2014 Annual General Meeting, shareholders approved the SciDev Employee Share Scheme (the Scheme). All Directors, employees and consultants are eligible to participate in the Scheme. Options granted under the Scheme to eligible participants are for no additional consideration. Options are granted for a five-year period, and vest and are exercisable immediately, unless otherwise stated. Options granted under the Scheme carry no dividend or voting rights. The granting of options is at the Board's discretion and no individual has a contractual right to receive options.

Note 35. Share-based payments (continued)

The fair value of options granted under the SciDev Employee Share Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using share option valuation models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

There were no options granted under the scheme during the 2017 financial year.

On 14 August 2017, the company issued 6.5 million unquoted options to executives and staff (not Directors). The options have an exercise price of $0.025, vested on grant date and expire on 28 November 2019. The value of the options granted was $30,568.

Other share-based payments
On 2 February 2017 the company granted 22,500,000 options to the Lead Manager and Underwriter for services rendered in connection with the placement of shares and the share purchase plan. The options have an exercise price of $0.025, vested on grant date and expire on 28 November 2019. The value of the options granted was $160,828.

On 28 December 2017, the company issued 5 million unquoted options to a key service provider (non-Director) for services rendered. The options have an exercise price of $0.025, vested on grant date and expire on 28 November 2019. The value of the options granted was $10,912.

2018

Grant date	Expiry date	Exercise price	Balance the start of the year	Granted	Exercised	Expired / Forfeited / other	Balance at the end of the year
10/12/2014	28/11/2019	$0.025	5,500,000	-	-	-	5,500,000
02/02/2017	28/11/2019	$0.025	22,500,000	-	-	-	22,500,000
14/08/2017	28/11/2019	$0.025	-	6,500,000	-	-	6,500,000
28/12/2017	28/11/2019	$0.025	-	5,000,000	-	-	5,000,000
			28,000,000	11,500,000	-	-	39,500,000
Weighted average exercise price			$0.025	$0.025	$0.000	$0.000	$0.025

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/12/2011	21/11/2016	$0.030	3,300,000	-	-	(3,300,000)	-
10/12/2014	28/11/2019	$0.025	5,500,000	-	-	-	5,500,000
02/02/2017	28/11/2019	$0.025	-	22,500,000	-	-	22,500,000
			8,800,000	22,500,000	-	(3,300,000)	28,000,000
Weighted average exercise price			$0.027	$0.025	$0.000	$0.030	$0.025

Note 35. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
10/12/2014	28/11/2019	5,500,000	5,500,000
02/02/2017	28/11/2019	22,500,000	22,500,000
14/08/2017	28/11/2019	6,500,000	-
28/12/2017	28/11/2019	5,000,000	-
		39,500,000	28,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.41 years (2017: 2.41 years).

The fair value of options granted was measured using the Black-Scholes option pricing model.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
14/08/2017	28/11/2019	$0.016	$0.025	70.00%	-	2.85%	$0.00470
28/12/2017	28/11/2019	$0.012	$0.025	70.00%	-	2.85%	$0.00218

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

Note 35. Share-based payments (continued)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Director’s declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Kieran G Rodgers
Managing Director

26 October 2018
Sydney

ROTHSAY
CHARTERED ACCOUNTANTS

SCIDEV LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of SciDev Limited

Opinion

We have audited the financial report of SciDev Limited ("SciDev") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a loss of $987,331 during the year ended 30 June 2018 before taking into account the net gain from the sale of Intec Zeehan Residues Pty Ltd. Net cash outflows from operations were $892,345 for the year ended 30 June 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Impairment of Goodwill The impairment assessment made by management over the Company's goodwill balance is a key audit matter as it incorporates significant judgments in respect of factors such as forecast cash flows, growth rates and discount rates as well as economic assumptions such as inflation.	Our procedures included: • Assessing management's determination of the Group's CGUs based on our understanding of the group. We also compared this to the internal reporting of the group to assess how revenue is reported. • Evaluating management's cash flow forecast along with the assumptions and methodologies used. We also took into consideration the results of the current year actual results to the prior forecasts to assess management's ability to accurately forecast results. • Evaluating the assessment performed by management to ensure the methodology appeared reasonable and the assumptions noted in the forecasts were accurately reflected. • Reviewing the discounting applied to determine if it was reasonable in the current market and reflective of the rate of interest the Group would be able to obtain finance if required. • Verifying the calculations for mathematical accuracy and considered the sensitivity of the calculation by varying the assumptions and applying other values within a reasonable range.
Sale to Tartana Resources Ltd of Intec Zeehan Residues Pty Ltd The sale of Intec Zeehan Residues Pty Ltd to Tartana Resources Limited (Tartana) is a key audit matter due to the quantum of the transaction, the impact on the group's net asset position and the impact on the group should the transaction not be finalised.	Our procedures included: • Reviewing the terms of the Share Sale Agreement to ensure the transaction had been recorded and disclosed in accordance with the terms of the agreement. • Understanding the status of the transaction and where milestones have not been met, clarifying with management why and what impact it has on the transaction being finalised. • Ensuring the elements of the transaction are correctly accounted for from both a sale and an acquisition perspective. • Agreed the consideration received from the sale to the agreement and where already received, to bank records. • Assessed the investment for impairment.

Responsibility of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' Report for the year ended 30 June 2018. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of SciDev Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 27 September 2018

Shareholder Information

The shareholder information set out below was applicable as at 21 October 2018.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

B. Substantial holders

			Class of equity security Ordinary shares Number of shareholders	Number of shares
1	-	1,000	168	48,209
1,001	-	5,000	140	393,927
5,001	-	10,000	72	562,651
10,001	-	100,000	290	15,690,446
100,001	and over		356	621,456,774
			1,026	**638,152,007**

Substantial shareholders as at 21 October 2018 are listed below:

Wattcon Consulting Pty Ltd	10.72%
Kieran Gregory Rodgers & Patricia Maree Rodgers	6.30%
Lewis Edward Utting & Helena Lehos	5.76%

Equity security holders

The names of the twenty largest holders of quoted equity securities as at 21 October 2018 are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
Kanins Australia Pty Ltd	50,000,000	7.84
Kieran Gregory Rodgers & Patricia Maree Rodgers	40,183,245	6.30
Lewis Edward Utting & Helena Lehos	36,780,000	5.76
PW Pembroke Pty Ltd	20,000,000	3.13
Alan Conigrave	17,000,000	2.74
Natjad and Associates Pty Ltd	16,666,667	2.61
Kathleen Watt	18,416,667	2.89
Martin Edward Meyer	14,666,667	2.30
Longwin Capital Finance Ltd	14,666,667	2.30
Makram Hanna & Rita Hanna	13,713,263	2.15
Susan Maree Whiting	10,000,000	1.57
GP Securities Pty Ltd	9,000,000	1.41
Geoffrey Ross Hiller & Jacqueline Ann Hiller	8,950,000	1.40
The Stephens Group Pty Ltd	8,250,000	1.29
Praneeta Priya Murti	7,775,000	1.22
JP Morgan Nominees Australia Limited	7,251,590	1.14
Brian Harry Rivers	7,000,000	1.10
Donald Alexander Bell & Lexie Ann Bell	7,000,000	1.10
Puntero Pty Ltd	7,000,000	1.10
Stuart Andrew Spiteri	6,660,000	1.03
Total of Top 20 Shareholdings	321,419,766	50.37
Other Shareholders	316,732,241	49.63
Total Ordinary Shares on Issue	638,152,007	100.000

C. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
No voting rights.

D. Summary of options issued

	No. of Options	No. of Holders	% Options Issued
Options expiring 28 November 2019 with an exercise price of $0.025	39,500,000	10	
Option holders with more than 20% of above class			
Taycol Nominees Pty Ltd	22,500,000		59.96%

CORPORATE DIRECTORY

For personal use only

Directors
Chairman
Trevor A Jones
Managing Director
Kieran G Rodgers
Non-executive Director
Daniel J Cronin

Company Secretary
Heath L Roberts

Annual General Meeting
The Annual general Meeting of SciDev Ltd will be held as follows:
The Boardroom Northside Conference Centre
Corner of Oxley Street and Pole Lane
Crows Nest NSW 2065
11.00am on
Thursday 29th November 2018

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Email: mail@scidev.com.au
Website: www.scidev.com.au

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Australia
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Sydney NSW 2001
Telephone: (+61 2) 9290 9600
Facsimile: (+61 2) 9279 0664
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

Auditors
Rothsay Chartered Accountants Sydney
Level 1, 12 O'Connell Street
Sydney NSW 2000 Australia

Patent Attorneys
Griffith Hack 100 Miller Street
North Sydney NSW 2060 Australia

Stock Exchange Listing
SciDev Ltd shares are listed or traded on the Australian Stock Exchange (Code: SDV).

Corporate Governance Statement
www.scidev.com.au/corporate-goverance

SCIDEV

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CONTACT

MANAGING DIRECTOR – KIERAN RODGERS
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