SciDev Limited

ABN 25 001 150 849

Annual Financial Report - 30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of SciDev Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

Trevor A Jones
Lewis E Utting (appointed 29 October 2018)
Simone Watt (appointed 29 October 2018)
Jon Gourlay (appointed 28 May 2019)
Kieran G Rodgers (resigned 19 March 2019)
Daniel (Don) Joseph Cronin (resigned 31 December 2018)

Principal activities

The principal activity of the consolidated entity is delivery of process control and chemistry products for solids-liquids separation.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $2,032,527 (30 June 2018: profit of $1,001,869). The 30 June 2018 profit was supported by a $1.9m net gain on the disposal of Zeehan Residues Pty Ltd which subsequently was not recognisable in the period ended 30 June 2019.

FY19 Highlights

- Revenues from customers increased by 31.9% to $2.92m
- Net cash position at end of period of $1.76m supported by successful placement to Nuoer Group and a $2.5m fund raising
- Entered into a binding agreement to acquire the exclusive distribution and marketing rights in Australia and other Oceanic countries for polymer products produced by Chinese base Nuoer Group
- Lewis Utting commenced as CEO & Managing Director in April 2019
- Established North American presence with SciDev (US) LLC with first product sales to SciDev MOU partner Phoenix Process Equipment Company with Nuoer manufactured product
- Continued evaluation across several coal projects in the Bowen Basin and NSW coal fields with tier-one producers. The Optiflox® system trial continues at a major coking coal operation with further commercial discussions anticipated in September 2019
- Strengthening of the board with the addition of Newcrest mining professional Jon Gourlay and Simone Watt from our strategic investor Sinoz as Non Executive Directors
- Post the end of the financial year, the company announced:
  - Receipt of its first major order for friction reducers from the oil & gas companies in the US Permian Basin. The A$1.08m order validates SciDev's strong US push.
  - Awarded a long term MaxiFlox® sales contract with Iluka Resources which is expected to be AUS$8m – AUD$12m over the course of the contract.
  - Completion of a $4.16m capital raising to fund future growth.

The past year has seen significant progress from the consolidated entity that establishes SciDev as a leader in process control and chemistry products for solids-liquids separation. SciDev has expanded with several key additions to people and broadening of its product portfolio to ensure it can provide complete solutions to its end users. SciDev's business is based on its people and technology and the Directors would like to thank all the SciDev staff for their significant efforts this year.

SciDev continues to work with its existing foundation customers in Peabody and Iluka, delivering bespoke solutions to meet their processing needs. SciDev continues to push in to new markets and has announced its first major order from the US shale industry. The oil & gas markets offer an exciting area for growth and the company will continue to focus on that industry. SciDev's strategic relationship with Nuoer Group in Oceania reflects our evolution as a company and assists in the ability for SciDev to execute on our growth ambitions quickly.

As SciDev enters in to FY2020 the Board believe the company is well placed from an operational and financial perspective, our commitment to our customers and recent momentum will continue to deliver growth through the year and beyond.

Financial Review
The consolidated entity delivered record revenue for the period $2.92m, a 32% increase on the previous year. The record revenue can be attributed to organic growth in the water sector and sales pull through from the Nuoer transaction announced in February 2019.

Net cash outflows from operations during the year ended 30 June 2019 were $1.548m (a significant increase from the prior year's net outflows of $0.892m). Despite the outflow increasing on a full year basis, the consolidated entity was close to cash break-even in Q4 where the loss from operating activities was $0.28m. The increase in net cash outflows from operations was principally a result of increases in raw materials and consumables (inventory required to grow), employee benefits expense (people required to execute growth) and professional fees.

At the end of the period the consolidated entity had a net cash position of $1.76m. The balance sheet strength reflects the inflow of funds from the Nuoer Group’s strategic investment in the company ($0.57m announced on 11 February) and the successful completion of a $2.5m capital raising undertaken in February 2019.

The consolidated entity's robust financial position will allow SciDev to accelerate the rollout of our technologies and continue to strengthen and execute on our growing business development pipeline.

Coal Initiatives – North America
During FY19 SciDev announced the delivery of our first full container load (FCL) into the continental United States through our subsidiary SciDev (US) LLC (refer ASX 23 May 2019).

The order was to SciDev MOU partner Phoenix Process Equipment Company and is the result of marketing efforts over the prior periods. The chemistry, manufactured to SciDev specification by Nuoer China, is set to be used in solids-liquid separation projects in key mineral processing applications. The arrangement builds on SciDev's existing sales in North America and illustrates the value of the Company's partnerships with both Nuoer China and Phoenix. As previously announced, North America represents a potential $1.4 billion-dollar market for SciDev.

Coal Initiatives - Australia
Additional evaluations were conducted across several coal projects in both the Bowen Basin and NSW coal fields with tier-one producers. SciDev is confident that some of these projects will further develop into commercial opportunities for both chemical solutions and the OptiFlox® system.

The OptiFlox® system trial continued at a major coking coal operation in the Bowen Basin. After the initial phase of the trial, an extensive engineering review was conducted on the application, with modifications implemented to allow for extended operation of the system without operator intervention. The trials continued to the end of the June quarter with successful results. Additional commercial discussions will continue into the September 2019 quarter and SciDev is looking forward to updating shareholders as discussions materialise into commercial outcomes.

Oil and Gas initiatives – North America
Post the end of the financial year (22 July 2019) SciDev announced its first sales into the US oil and gas market. The order for friction reducers was destined for the US Permian basin. The total orders to date for SciDev’s proprietary OptiFlox® technology are AUD$1.08m. Order volumes are expected to continue to grow, with further commercial field evaluations to be undertaken in FY20 to determine the potential financial returns to SciDev from this very large market.

Mineral Sands – Australia
Post the end of the financial year (30 August) SciDev announced that it has signed a three (3) year agreement for the supply and service of its MaxiFlox® chemistry to Iluka Resources. The annual value of the contract over the term is likely to be between AUD $2.6m – AUD $4.0m. During an extensive evaluation period on site, SciDev was able to build a knowledge base allowing for the design of bespoke chemistry specific to the Jacinth Ambrosia operation. Additional discussions are underway to integrate the SciDev OptiFlox® system into the Jacinth-Ambrosia operation. The program of work started in March 2018 and the successful conclusion validates the commercial utility of SciDev's MaxiFlox® chemistry in the mine tailings space. Importantly, it highlights the calibre of the SciDev team in executing the technical and commercial evaluations over an extended period with a tier one Australian mining company.

Nuoer & SciDev Relationship
During the year (ref ASX 11 February 2019) SciDev announced a binding agreement to acquire the exclusive distribution and marketing rights in Australia and other Oceanic countries for polymer products produced by Chinese base Nuoer Group. Securing the exclusive distribution and marketing rights with Nuoer delivers SciDev an expanded market opportunity for the MaxiFlox® technology, supply chain security and a world class partner that can manufacture products to SciDev specifications. Through the framework agreement, SciDev and Nuoer Group are undertaking an in-depth analysis of market opportunities both within the Oceania region and in other jurisdictions. The broadening cooperation between the two groups is expected to deliver unparalleled industry reach and significant growth opportunities for SciDev evidenced through our growth during the year.

Significant changes in the state of affairs

On 4 December 2018 the company completed a 10 to 1 consolidation of its issued shares and options. The number of ordinary shares on issue at the date of the consolidation decreased from 638,152,007 to 63,815,201.

On 11 February 2019, SciDev announced it had entered into a binding Heads of Agreement (HOA) to acquire the exclusive distribution and marketing rights in Australia and other Oceanic countries for polymer products produced by the China-based Nuoer Group (Nuoer Group). Under the terms of the HOA, SciDev's wholly owned subsidiary, Science Developments Pty Ltd (SDPL), has been granted the exclusive distribution and marketing rights from the Nuoer Group's Australian operating entity, Nuoer Chemical Australia Pty Ltd (NCA) for a 10-year period. On 12 February 2019, 1,666,667 shares were issued to the Nuoer Group at a price of 6 cents per share to acquire the distribution and marketing rights for Nuoer Group products in Australia and other Oceanic countries. On the same day, 5,000,000 shares were issued to directors/employees of Nuoer Chemical Australia Pty Ltd at a price of 6 cents per share for contribution of working capital.

On 13 March 2019, the company issued 22,614,624 shares at a price of 6 cents per share in terms of a 2 for 7 non-renounceable entitlements issue.

The funds raised from the issue of shares will be used to accelerate the company's business growth.

There were no other 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 22 July 2019 the company reported its first major sales into the US oil and gas market.

The company's shareholders approved the issue of the following options at a General Meeting held on 23 July 2019:

- 2,000,000 options to Mr Lewis E Utting - Managing Director and Chief Executive Officer
- 650,000 options to Mr Jon Gourlay - Non-executive Director
- 250,000 options Mr Trevor A Jones - Non-executive Chairman
- 250,000 options to Ms Simone Watt - Non-executive Director

The options issued to Mr Lewis Utting have an exercise price of 10 cents and the options issued to the other Directors have an exercise price of 12 cents. The options granted to Mr Lewis Utting are subject to vesting conditions. The options granted to the non-executive Directors do not have any vesting conditions. The options expire on 23 July 2022. These options form part of a broader option issue to the Board and senior executives totalling 5,350,000 options in total; refer to ASX announcement dated 16 August 2019.

On 30 August 2019 the company announced a major chemical supply and equipment leasing contract with Iluka Resources.

On the 13 September 2019, the company announced the placement of 16m new ordinary shares with local institutional and sophisticated investors at an issue price of $0.26 per share to raise total proceeds of $4.16 million.
. The 16m new shares represented 15% of the company's existing shares on issue, which is the maximum number of ordinary shares that were able to be issued under ASX listing rules. The funds from the placement will predominantly be used to increase inventory, continue development of the consolidated entity's OptiFlox and MaxiFlox technology, and increase working capital. The capital raising was completed on 20 September 2019.

No other matter or circumstance has arisen since 30 June 2019 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.

Likely developments and expected results of operations
The focus for SciDev and the management team through the FY20 financial year is:

- Drive SciDev's revenue line through the execution of a well structured business development pipeline in the Oil & Gas and mineral processing sectors
- Key large customer opportunities across several continents where the synergies for the OptiFlox & MaxiFlox combination can deliver the greatest value to SciDev's customers and subsequent value to shareholders
- Build upon the SciDev's momentum in the Australian coal industry, transitioning across application, mineral types and key industry players with our OptiFlox® technology
- Further develop the opportunities presented through SciDev (US) LLC into the US oil & gas sector
- Extend SciDev's technology into the precious metal and base metal sectors throughout Australia and Asia, while looking for other opportunities in currently unrealised sections of the mineral processing value chain
- Renew SciDev's effort in the Australian water and wastewater sector with strategic partnerships and licensing opportunities with global operators and key end users
- Deliver upon recent agreement with Iluka in the mineral sands sector delivering value and further developing this relationship
- Continue to strengthen and leverage SciDev's relationship with Nuoer through joint marketing and R&D efforts in key market areas while also refining the geographic manufacturing footprint

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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 Limited 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 and Risk Committee and the Nomination and Remuneration Committee
Interests in shares:	738,303
Interests in options:	350,000

Name:	Lewis Utting (appointed a Director on 29 October 2018 and Managing Director and CEO on 30 April 2019)
Title:	Managing Director and CEO
Qualifications:	BASc
Experience and expertise:	Mr Utting has over 15 years' experience in the water treatment, mining and chemical industries. Mr Utting worked for BASF, the world's largest chemical company by sales, as Global Project Manager and Global Business Development for the Mining Solutions business. Lewis began his career in 2001 with Buckman Laboratories, moving to Hercules Chemicals, then in 2005 to Ciba, specifically to work in the water treatment and mining sector. Ciba was acquired by BASF in 2008. During his career, Lewis has managed multidisciplinary and multicultural virtual global teams in a number of countries, being accountable for rolled up, global top line sales targets. Lewis has successfully negotiated licence agreements, take or pay arrangements, technology divestment, and commissioned research with both consulting firms and academia in support of new technology development. Lewis has also developed significant technical expertise in the field of solids liquid separation. He has authored and co-authored several technical papers and also holds a patent application in the area of tailings (mining waste) disposal. Lewis studied environmental engineering, business strategy and project management and holds a degree in applied science and is a member of the Australian Institute of Company Directors.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	4,830,221
Interests in options:	2,500,000

Name:	Simone Watt (appointed 29 October 2018)
Title:	Non-executive Director
Qualifications:	BASc
Experience and expertise:	Ms Watt is the Managing Director of Sinoz Chemical and Commodities (Sinoz), which is a global company supplying reagents and technology-based improvements to the mining and agribusiness industries. Ms Watts is also a Director of Kemtec Mineral Processing and Kanins International, which are both part of the Sinoz Group of companies. She has extensive experience in the areas of strategic sourcing and supplier management, business development and sales and marketing.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and the Nomination and Remuneration Committee
Interests in shares:	5,000,780
Interests in options:	250,000

Name:	Jon Gourlay (appointed 28 May 2019)
Title:	Non-executive Director
Qualifications:	BCom, C.A
Experience and expertise:	Mr Jon Gourlay is a chartered accountant with extensive experience in finance and project management, risk management, business improvement and investor relationships, with a focus on the resources and technology sectors. Mr Gourlay is currently Commercialisation Manager, Technology and Innovation for Newcrest Mining, with prior roles in investor relations, analysis and improvement of Newcrest's operations at the Lihir Island Gold Mine in Papua New Guinea.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and the Nomination and Remuneration Committee
Interests in shares:	206,349
Interests in options:	650,000

Name:	Kieran G Rodgers (resigned 19 March 2019)
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
Interests in shares:	5,065,944*
Interests in options:	200,000*

Name:	Daniel J Cronin (resigned 31 December 2018)
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 and Risk Committee and a member of the Corporate Governance Committee and the Nomination and Remuneration Committee
Interests in shares:	465,955*
Interests in options:	200,000*

'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.

* Interests in the shares and options of the company as at the date of resignation as a director.

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 Limited 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') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	Audit and Risk Committee
	Attended	Held	Attended	Held	Attended	Held
Trevor A Jones	7	9	3	3	3	3
Lewis E Utting (appointed 29 October 2018)	7	7	-	-	-	-
Simone Watt (appointed 29 October 2018)	7	7	2	2	2	2
Jon Gourlay (appointed 28 May 2019)	1	1	-	-	-	-
Kieran G Rodgers (resigned 19 March 2019)	6	7	-	-	-	-
Daniel J Cronin (resigned 31 December 2018)	2	2	1	1	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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.

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. A relationship between Company performance and remuneration is now being developed and implemented, with a modest component of future cash remuneration to be performance linked and equity (option) issues to executives having performance based milestones. 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 Limited) during the year to 30 June 2019 was $122,937 (2018: $125,316). 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. In the cased where Directors seek equity based (option) remuneration over cash based remuneration, consideration will be given to such request and, in any case, shareholder approval would be required for any such equity based remuneration for Directors.

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 as negotiated between the Company and the executive. 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. In some cases cash performance based bonuses will be offered to executives.

SciDev Employee Share Scheme
Information on the SciDev Employee Share Scheme is set out in note 34. 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
During the financial year ended 30 June 2019, the consolidated entity, through the Nomination and Remuneration Committee, engaged Lucan Group, remuneration consultants, to review the CEO and Managing Director's remuneration package. Lucan Group was paid $750 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from the Managing Director and CEO. These protocols include requiring that the consultant not communicate with or provide any information relating to the outcome of the engagement with the Managing Director and CEO whilst the process was underway. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the company's 29 November 2018 Annual General Meeting ('AGM')
At the 29 November 2018 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

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 Limited:
- Trevor A Jones - Non-executive Chairman
- Lewis E Utting - Managing Director and Chief Executive Officer (appointed a Director on 29 October 2018, and Managing Director and CEO on 30 April 2019)
- Simone Watt - Non-executive Director (appointed 29 October 2018)
- Jon Gourlay - Non-executive Director (appointed 28 May 2019)
- Kieran G Rodgers - Managing Director (resigned 19 March 2019)
- Daniel J Cronin - Non-executive Director (resigned 31 December 2018)

And the following person:
- Jianfeng Zhang - Marketing and Strategy Director of Science Developments Pty Limited (from 10 April 2019)

	Short-term benefits			Post-employment benefits	Long-term benefits		
2019	Cash salary and fees $	Annual leave accrual $	Non-monetary $	Super-annuation $	Long service leave $	Termination benefits $	Total $
Non-Executive Directors:							
Trevor A Jones (Chairman)	64,431	-	-	6,121	-	-	70,552
Simone Watt (a)	25,340	-	-	2,407	-	-	27,747
Jon Gourlay (a)	-	-	-	-	-	-	-
Daniel J Cronin (b)	22,500	-	-	2,138	-	-	24,638
Executive Directors:							
Lewis E Utting (c)	260,000	14,964	-	24,700	749	-	300,413
Kieran G Rodgers (b)	260,000	18,056	-	24,700	4,333	130,000	437,089
Other Key Management Personnel:							
Jianfeng Zhang (d)	31,666	2,805	-	3,048	83	-	37,602
	663,937	35,825	-	63,114	5,165	130,000	898,041

(a) Ms Simone Watt and Mr Jon Gourlay were appointed Non-executive Directors on 29 October 2018 and 28 May 2019 respectively. Mr Gourlay did not receive any remuneration from the company during the 2019 financial year.
(b) Mr Daniel J Cronin and Mr Kieran G Rodgers resigned on 31 December 2018 and 19 March 2019 respectively. Mr Rodgers' remuneration for the year included termination payments set out in his employment contract.
(c) Mr Lewis Utting was appointed Project Director on 1 March 2018, appointed to the SciDev Board of Directors on 29 October 2018 and became Managing Director and Chief Executive Officer on 30 April 2019.
(d) Mr Jianfeng Zhang was appointed Marketing and Strategy Director of Science Developments Pty Limited on 10 April 2019.

	Short-term benefits			Post-employment benefits	Long-term benefits	
2018	Cash salary and fees $	Consultancy fee $	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	268,424	-	2,259	20,900	31,007	322,590
Other Key Management Personnel:						
Lewis E Utting (a)	72,917	-	-	6,927	-	79,844
	455,785	-	2,259	38,699	31,007	527,750

(a) Lewis Utting was appointed Project Director on 1 March 2018

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Trevor A Jones (Chairman)	100%	100%	-	-	-	-
Simone Watt	100%	-	-	-	-	-
Daniel J Cronin	100%	100%	-	-	-	-
Executive Directors:						
Lewis E Utting	100%	100%	-	-	-	-
Kieran G Rodgers	100%	100%	-	-	-	-
Other Key Management Personnel:						
Jianfeng Zhang	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:	Lewis E Utting
Title:	Managing Director and CEO
Agreement commenced:	30 April 2019
Term of agreement:	Ongoing
Details:	Mr Utting was employed as a Project Director until 29 April 2019 and Managing Director and CEO thereafter. Mr Utting had a base salary of $260,000 plus superannuation until 29 April 2019 which subsequently increased to $280,000 plus superannuation following his appointment as Managing Director and CEO. He is also entitled to a bonus of $100,000 and holds 2,500,000 options. Mr Utting's salary, allowances and performance bonus will be reviewed annually by the Nomination and Remuneration Committee. The contract may be terminated by 6 months’ notice from either party.

Name:	Kieran G Rodgers
Title:	Managing Director
Agreement commenced:	1 March 2018
Term of agreement:	Ongoing - resigned 19 March 2019
Details:	Base salary for the year ended 30 June 2019 of $260,000 plus superannuation, that was reviewed annually by the Nomination and Remuneration Committee. The contract could 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 2019.

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 2019.

There were no options for directors and other key management personnel that lapsed during the year ended 30 June 2019.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	2,655,799	2,029,373	1,846,985	1,352,346	1,316,493
(Loss)/profit after income tax	(2,032,527)	1,001,869	(597,340)	(458,130)	(856,446)

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:

	Balance at the start of the year	Received as part of remuneration	Additions/ other (a)	Disposals/ other (b) (c)	Balance at the end of the year
Ordinary shares					
Trevor A Jones	5,742,331	-	164,068	(5,168,096)	738,303
Lewis E Utting	35,512,267	-	3,129,492	(33,811,538)	4,830,221
Simone Watt	-	-	5,000,780	-	5,000,780
Jon Gourlay	-	-	206,349	-	206,349
Kieran G Rodgers	23,516,578	-	17,714,287	(41,230,865)	-
Daniel J Cronin	4,659,554	-	-	(4,659,554)	-
Jianfeng Zhang	-	-	6,666,667	-	6,666,667
	69,430,730	-	32,881,643	(84,870,053)	17,442,320

(a) Includes the shares held by Directors, including their personally related parties, at the date of their appointment.
(b) Includes the effect of the 10:1 share consolidation that was completed on 4 December 2018.
(c) Includes the removal from the table of the shareholdings for key management personnel who have resigned during the period.

Option holding
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:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other (a) (b)	Balance at the end of the year
Options over ordinary shares					
Trevor A Jones	1,000,000	-	-	(900,000)	100,000
Lewis E Utting	5,000,000	-	-	(4,500,000)	500,000
Kieran G Rodgers	2,000,000	-	-	(2,000,000)	-
Daniel J Cronin	2,000,000	-	-	(2,000,000)	-
	10,000,000	-	-	(9,400,000)	600,000

(a) Includes the effect of the 10:1 share/option consolidation that was completed on 4 December 2018.
(b) Includes the removal from the table of the options held by key management personnel who have resigned during the period.

Loans to key management personnel and their related parties
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 2019.

Other transactions with key management personnel and their related parties

A director, Simone Watt, is a director of Kanins International Pty Ltd and has the capacity to significantly influence decision making of that company. Kanins International Pty Ltd provided SciDev Limited with a US$350,000 working capital facility for an initial 12-month term during the 2019 financial year. The facility was secured against the consolidated entity's inventory and incurred interest at 15% per annum. $73,007 was drawn down on this facility and fully repaid during the 2019 financial year.

A director, Simone Watt, is a director of Kemtec Mineral Processing Pty Ltd and has the capacity to significantly influence decision making of that company. The consolidated entity has leased equipment to Kemtec Mineral Processing Pty Ltd during the 2019 financial year. The lease contracts were based on normal commercial terms and conditions.

Amounts recognised as revenue
Treatment fees and product sales: $91,080 (2018: nil)

Amounts recognised as expenses
Finance costs: $3,539 (2018: nil)

The Managing Director, Lewis Utting, is a director and majority shareholder of Utting and Muhor Environmental Pty Ltd (UAME Pty Ltd). The consolidated entity purchased consultancy services from UAME Pty Ltd during the 2019 financial year for the provision of administrative, business development and engineering services. These services were provided by Mr Jamiel Muhor and Task Me Away Pty Ltd, prior to Mr Muhor and Task Me Away Pty Ltd contracting directly to the consolidated entity. The contract was based on normal commercial terms and conditions and it was entered into prior to Lewis Utting being employed by the consolidated entity.

Amounts recognised as expenses
Professional fees: $278,767 (2018: nil)
Bonus: $11,856 (2018: nil)
Expense claim reimbursement: $70,228 (2018: nil)

Mr Jainfeng Zhang, a director of Science Developments Pty Ltd and KMP, is also a director and shareholder of Nuoer Australia Pty Ltd. The consolidated entity sold to and purchased from Nuoer Australia Pty Ltd goods and services during the 2019 financial year, in particular chemicals. The contracts were based on normal commercial terms and conditions.

Amounts recognised as revenue
Product sales: $584,366 (2018: nil)

Amounts recognised as expenses
Raw materials and consumables: $118,050 (2018: nil)

Amounts recognised as assets and liabilities
Current assets - trade receivables: $252,307 (2018: nil)

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 2019.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of SciDev Limited 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	$0.25	550,000
2 February 2017**	28 November 2019	$0.25	2,250,000
14 August 2017*	28 November 2019	$0.25	650,000
28 December 2017***	28 November 2019	$0.25	500,000
23 July 2019*	23 July 2022	$0.100	2,000,000
23 July 2019*	23 July 2022	$0.120	3,350,000
			9,300,000

* 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.

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Shares issued on the exercise of options
There were no ordinary shares of SciDev Limited issued on the exercise of options during the year ended 30 June 2019 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.

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 satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

Lewis E Utting
Managing Director

27 September 2019
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 2019, 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 2019

SciDev Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	5	2,921,060	2,200,768
Other income	6	336,645	2,336,187
Interest revenue		-	12,999
Expenses			
Changes in inventories		28,141	(4,345)
Raw materials and consumables used		(2,033,901)	(1,251,282)
Employee benefits expense		(1,330,076)	(1,006,057)
Depreciation and amortisation expense		(212,767)	(194,171)
Engineering and other consultants expenses		(31,068)	(2,896)
Loss on disposal of assets		(27,621)	-
Insurance		(56,532)	(46,067)
Listing and share registry expenses		(84,464)	(35,075)
Professional fees		(757,080)	(557,902)
Rent and related expenses		(189,851)	(151,050)
Travel, accommodation and conference		(278,329)	(143,211)
Other expenses		(285,980)	(158,060)
Finance costs		(6,627)	(6,111)
Profit/(loss) before income tax benefit/(expense)		(2,008,450)	993,727
Income tax benefit/(expense)	8	(24,077)	8,142
Profit/(loss) after income tax benefit/(expense) for the year attributable to the owners of SciDev Limited		(2,032,527)	1,001,869
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of SciDev Limited		(2,032,527)	1,001,869
		Cents	**Cents**
Basic earnings per share	33	(2.69)	2.02
Diluted earnings per share	33	(2.69)	2.02

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

SciDev Limited
Statement of financial position
As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	9	1,756,209	568,187
Trade and other receivables	10	806,099	727,946
Inventories	11	264,325	236,184
Other		22,679	1,754
Total current assets		2,849,312	1,534,071
Non-current assets			
Financial assets at fair value through other comprehensive income	12	1,502,900	1,502,900
Property, plant and equipment	13	303,454	260,954
Intangibles	14	1,246,299	1,266,033
Total non-current assets		3,052,653	3,029,887
Total assets		5,901,965	4,563,958
Liabilities			
Current liabilities			
Trade and other payables	15	1,009,529	370,279
Borrowings	16	-	31,938
Employee benefits	17	155,276	167,247
Total current liabilities		1,164,805	569,464
Non-current liabilities			
Deferred tax	8	35,986	44,108
Employee benefits	18	2,153	-
Total non-current liabilities		38,139	44,108
Total liabilities		1,202,944	613,572
Net assets		4,699,021	3,950,386
Equity			
Issued capital	19	76,899,789	74,118,627
Reserves	20	2,210,703	2,210,703
Accumulated losses		(74,411,471)	(72,378,944)
Total equity		4,699,021	3,950,386

Refer to note 2 for detailed information on restatement of comparatives - adoption of AASB 9 'Financial instruments'

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

SciDev Limited
Statement of changes in equity
For the year ended 30 June 2019

	Issued capital $	Reserves $	Accumulated losses $	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 34)	-	41,480	-	41,480
Balance at 30 June 2018	74,118,627	2,210,703	(72,378,944)	3,950,386

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	74,118,627	2,210,703	(72,378,944)	3,950,386
Loss after income tax expense for the year	-	-	(2,032,527)	(2,032,527)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,032,527)	(2,032,527)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	2,781,162	-	-	2,781,162
Balance at 30 June 2019	76,899,789	2,210,703	(74,411,471)	4,699,021

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

SciDev Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,774,656	2,311,575
Payments to suppliers and employees (inclusive of GST)		(4,616,859)	(3,507,670)
		(1,842,203)	(1,196,095)
Interest received		-	6,749
R&D tax offset received		332,981	303,112
Interest and other finance costs paid		(6,627)	(6,111)
Income taxes paid		(32,199)	-
Net cash used in operating activities	31	(1,548,048)	(892,345)
Cash flows from investing activities			
Repayment of cash received for disposal of Zeehan Project		(300,000)	-
Payments for property, plant and equipment	13	(225,225)	(97,045)
Payments for intangibles	14	(37,929)	(53,109)
Payments for security deposits		-	(10,800)
Proceeds from disposal of Zeehan Project		50,000	250,000
Proceeds from disposal of financial assets at fair value through other comprehensive income		500,000	-
Net cash from/(used in) investing activities		(13,154)	89,046
Cash flows from financing activities			
Proceeds from issue of shares - net of transaction costs		2,781,162	445,337
Proceeds from borrowings		73,007	-
Repayment of borrowings		(104,945)	(12,565)
Net cash from financing activities		2,749,224	432,772
Net increase/(decrease) in cash and cash equivalents		1,188,022	(370,527)
Cash and cash equivalents at the beginning of the financial year		568,187	938,714
Cash and cash equivalents at the end of the financial year	9	1,756,209	568,187

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

Note 1. General information

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

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

Registered office	**Principal place of business**
Unit 1 8 Turbo Road Kings Park NSW 2148	C/-Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street, Sydney NSW 2000

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 26 September 2019. 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.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

At the date of initial application (1 July 2018) the consolidated entity assessed that there were no classification, measurement and impairment adjustments required to any of its financial assets and liabilities except for, financial assets in the sum of $1,502,900 classified as 'available-for-sale' at 30 June 2018 and now reclassified as 'financial assets at fair value other comprehensive income'.

'Interest revenue' is no longer included in the 'Revenue' note and is now shown separately on the face of the statement of profit or loss and other comprehensive income, resulting in a reclassification of $12,999 for the year ended 30 June 2018.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of this standard has no impact on the financial performance and position of the consolidated entity.

Going concern
For the year ended 30 June 2019 the consolidated entity generated an operating loss after income tax of $2,032,527 (2018: $987,331 loss before taking into account the net gain from the sale of Intec Zeehan Residues Pty Ltd). Net cash outflows from operations were $1,548,048 (2018: $892,345) for the year ended 30 June 2019.

The Directors have considered and concluded that the going concern basis of preparation of the financial statements is appropriate and any potential uncertainty regarding going concern is mitigated by the following:
- On 11 February 2019, SciDev Ltd (SDV) announced it had entered into a binding Heads of Agreement (HOA) to acquire the exclusive distribution and marketing rights in Australia and other Oceanic countries for polymer products produced by the China-based Nuoer Group (Nuoer Group). Under the terms of the HOA, SDV's wholly owned subsidiary, Science Developments Pty Ltd (SDPL), has been granted the exclusive distribution and marketing rights from the Nuoer Group's Australian operating entity, Nuoer Chemical Australia Pty Ltd (NCA) for a 10-year period. The exclusive distribution and marketing rights to Nuoer Group's water-soluble polymers is expected to delivering demonstrably expanded market opportunities for the SDV patent OptiFlox technology and other benefits for SDV.
- At 30 June 2019 the consolidated entity had net current assets of $1,684,507 (2018: $964,607) and cash balances of $1,756,209 (2018: $568,187) and an undrawn A$500,000 credit facility.
- On the 13 September 2019, the company announced the placement of 16,000,0000 new ordinary shares with local institutional and sophisticated investors at an issue price of $0.26 per share to raise total proceeds of $4.16 million. The funds from the placement will predominantly be used to increase inventory, continue development of the consolidated entity's OptiFlox and MaxiFlox technology, and increase working capital.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than twelve months from the date of signature of the audit report on this financial report to the date of signature of the audit report on the financial report for the year ending 30 June 2020, and has accordingly prepared the financial report on a going concern basis.

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.

Note 2. Significant accounting policies (continued)

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 Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. SciDev Limited 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.

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 Limited'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.

Note 2. Significant accounting policies (continued)

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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

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.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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.

Note 2. Significant accounting policies (continued)

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.

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 2019. 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.

Note 2. Significant accounting policies (continued)

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 2019 approximately 57% of the consolidated entity's external revenue was derived from sales to the consolidated entity's 3 largest customers (2018: 52% of consolidated external revenue was attributable to one customer). No other customer contributed 10% or more to the consolidated entity's revenue for both 2019 and 2018.

Revenue by geographical area
The consolidated entity operates primarily in one geographical segment being Australia. Revenue attributable to overseas subsidiaries is not material to the consolidated entity.

Note 4. Operating segments (continued)

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

	2019 $	2018 $
Sales revenue		
Treatment fees and product sales	2,655,799	2,029,373
Other revenue		
Royalty	-	14,125
Other revenue	265,261	157,270
	265,261	171,395
Revenue	2,921,060	2,200,768

Accounting policy for revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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

	2019 $	2018 $
Net foreign exchange gain	-	20,181
Net gain on disposal of Intec Zeehan Residues Pty Ltd	-	1,989,200
Subsidies and grants	332,981	303,112
Reimbursement of expenses	3,664	23,694
Other income	336,645	2,336,187

Note 7. Expenses

	2019 $	2018 $
Profit/(loss) before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	156,169	106,519
Superannuation expense		
Defined contribution superannuation expense	96,666	74,951

Note 8. Income tax

	2019 $	2018 $
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	(8,122)	(8,142)
Adjustment recognised for prior periods	32,199	-
Aggregate income tax expense/(benefit)	24,077	(8,142)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax liabilities	(8,122)	(8,142)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax benefit/(expense)	(2,008,450)	993,727
Tax at the statutory tax rate of 27.5%	(552,324)	273,275
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	8,121	43,105
Non-assessable income	(91,570)	(630,386)
	(635,773)	(314,006)
Adjustment recognised for prior periods	32,199	-
Current year tax losses not recognised	649,194	340,933
Current year temporary differences not recognised	(21,543)	(30,715)
Adjustment to deferred tax balances	-	(4,354)
Income tax expense/(benefit)	24,077	(8,142)

Note 8. Income tax (continued)

	2019 $	2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	67,709,864	66,114,631
Potential tax benefit @ 27.5%	18,620,213	18,181,524

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.

	2019 $	2018 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Brand name	35,986	44,108
Deferred tax liability	35,986	44,108
Movements:		
Opening balance	44,108	52,250
Credited to profit or loss	(8,122)	(8,142)
Closing balance	35,986	44,108

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.

Note 8. Income tax (continued)

SciDev Limited (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.

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

	2019 $	2018 $
Cash on hand	150	150
Cash at bank	1,756,059	568,037
	1,756,209	568,187

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes 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

	2019 $	2018 $
Trade receivables	779,210	457,430
Other receivables	26,889	14,266
Amount due by Tartana Resources Limited	-	256,250
	806,099	727,946

Allowance for expected credit losses
On adoption of AASB 9 'Financial instruments', the consolidated entity has changed the accounting for impairment losses for receivables by replacing the previous 'incurred loss approach' with a forward-looking 'expected credit loss' (ECL) approach and has calculated its ECL based on the consolidated entity's historical credit loss experience, adjusted for forward-looking factors specific to its receivables and the economic environment.

The consolidated entity does not have any history of impairment of its trade receivables. The consolidated entity transacts with a limited number of established customers and operates under strict credit policies approved by the Board of Directors.

No impairment loss has be been recognised for trade receivables.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Current assets - inventories

	2019 $	2018 $
Stock on hand - at cost	264,325	236,184

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 - financial assets at fair value through other comprehensive income

	2019 $	2018 $
Unlisted equity securities	1,502,900	698,900
Consideration from disposal of Intec Zeehan Residues Pty Ltd	-	804,000
	1,502,900	1,502,900

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2019	2018
Opening fair value	1,502,900	2,900
Additions*	500,000	1,500,000
Disposals*	(641,026)	-
Revaluation increments	141,026	-
Closing fair value	1,502,900	1,502,900

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

* On 25 October 2017, SciDev Limited (SciDev) 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 15,000,000 ordinary shares in Tartana at a deemed price of 10 cents per share and $500,000 in cash. SciDev received $300,000 of the cash component and 7,760,000 ordinary shares in Tartana.

SciDev and Tartana subsequently agreed to vary the terms of the sale agreement resulting in an additional 5,000,000 Tartana shares to be issued to SciDev and the deletion of the $500,000 cash component of the transaction. SciDev agreed to repay the $300,000 it received from Tartana and used the proceeds from the sale of 6,410,256 Tartana shares to fund the repayment. The total consideration for the transaction of $2,000,000 remained unchanged.

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

	2019 $	2018 $
Plant and equipment - at cost	748,552	619,949
Less: Accumulated depreciation	(462,286)	(358,995)
	286,266	260,954
Office equipment - at cost	50,954	31,028
Less: Accumulated depreciation	(33,766)	(31,028)
	17,188	-
	303,454	260,954

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 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
Additions	205,299	19,926	225,225
Disposals	(27,621)	-	(27,621)
Depreciation expense	(152,366)	(2,738)	(155,104)
Balance at 30 June 2019	286,266	17,188	303,454

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

	2019 $	2018 $
Goodwill - at cost	1,030,018	1,030,018
Trade marks and intellectual property - at cost	465,871	427,942
Less: Accumulated amortisation	(249,590)	(191,927)
	216,281	236,015
	1,246,299	1,266,033

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

	Goodwill $	Trade marks and intellectual property $	Total $
Balance at 1 July 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
Additions	-	37,929	37,929
Amortisation expense	-	(57,663)	(57,663)
Balance at 30 June 2019	1,030,018	216,281	1,246,299

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% (2018: 15%) per annum;
(b) Average revenue growth over the five-year period of 1,243% (2018: 46%);
(c) Average growth in gross margin over the five-year period of 1,433% (2018: 39%); and
(d) Average per annum increase in operating expenses of 5% (2018: 16%).

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.

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

Sensitivity to change of assumptions
If the next year's financial budget used in the value-in-use calculation had been 10% (2018: 10%) lower than management's estimates at 30 June 2019, the consolidated entity would have a recoverable amount in excess of $5 million (2018: $3.17 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% (2018: 30%) higher than management's estimates (20% instead of 15%) (2018: 20% instead of 15%), the consolidated entity would have a recoverable amount in excess of $4.6 million (2018: $2.91 million) against the carrying amount of intangible assets and property, plant and equipment.

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.

Trade marks and intellectual property
Significant costs associated with trade marks 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. Current liabilities - trade and other payables

	2019 $	2018 $
Trade payables	783,397	260,079
BAS payable	52,937	67,376
Other payables	173,195	42,824
	1,009,529	370,279

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

	2019 $	2018 $
Lease liability	-	31,938

Refer to note 22 for further information on financial instruments.

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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 17. Current liabilities - employee benefits

	2019 $	2018 $
Annual leave	32,619	40,534
Long service leave	122,657	126,713
	155,276	167,247

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 - employee benefits

	2019 $	2018 $
Long service leave	2,153	-

Accounting policy for other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Equity - issued capital

	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	107,263,157	569,041,473	76,899,789	74,118,627

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 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
Share placement	10 August 2018	52,443,867	$0.006	314,663
Share placement	11 August 2018	16,666,667	$0.006	100,000
Share consolidation (10 to 1)	4 December 2018	(574,336,806)	$0.000	-
Shares issued to Nuoer Chemical Australia Pty Ltd	12 February 2019	1,666,667	$0.060	100,000
Shares issued to employees of Nuoer Chemical Australia Pty Ltd	12 February 2019	5,000,000	$0.060	300,000
Share placement	12 February 2019	1,166,666	$0.060	70,000
Entitlements issue	13 March 2019	22,614,624	$0.060	1,266,949
Share placement	9 April 2019	12,999,999	$0.060	780,000
Share issue transaction costs		-	$0.000	(150,450)
Balance	30 June 2019	107,263,157		76,899,789

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 limited 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 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.

30 June 2019
On 10 August 2018 and 11 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. 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.

On 12 February 2019, 1,166,666 shares were issued at a price of 6 cents per share.

On 9 April 2019, 12,999,999 shares were issued at a price of 6 cents per share.

Shares issued to the Nuoer Group and nominees of the Nuoer Group
On 12 February 2019, 1,666,667 shares were issued to the Nuoer Group at a price of 6 cents per share to acquire the distribution and marketing rights for Nuoer Group products in Australia and other Oceanic countries. On the same day, 5,000,000 shares were issued to employees of Nuoer Chemical Australia Pty Ltd at price of 6 cents per share.

Entitlements issue
On 15 March 2019, the company issued 22,614,624 shares at a price of 6 cents per share in terms of a 2 for 7 non-renounceable entitlements issue.

Note 19. Equity - issued capital (continued)

Share consolidation
On 4 December 2018 the company completed a 10 to 1 consolidation of its issued shares and options.

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.

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 2018 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 2019 was $1,684,507 (2018: $964,607).

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

	2019 **$**	**2018** **$**
Share-based payments reserve	2,855,902	2,855,902
Transactions with non-controlling interests	(645,199)	(645,199)
	2,210,703	2,210,703

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 (continued)

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 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
Balance at 30 June 2019	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

	2019 $	2018 $
Franking credits available for subsequent financial years based on a tax rate of 27.5%	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.

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. The consolidated entity is not exposed to any significant foreign currency risk.

Note 22. Financial instruments (continued)

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:

	2019		2018	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Leases	-	-	6.00%	31,938
Net exposure to cash flow interest rate risk		-		31,938

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

2018 - An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $319 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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.

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.

Note 22. Financial instruments (continued)

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.

- 2019	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	-	1,009,529	-	-	-	1,009,529
Total non-derivatives		1,009,529	-	-	-	1,009,529

- 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

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

- 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	-	1,500,000	-	1,500,000
Equity securities - other	-	2,900	-	2,900
Total assets	-	1,502,900	-	1,502,900

Note 23. Fair value measurement (continued)

- 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

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 (2018: $804,000) and the equity securities (2019: $1,500,000; 2018: $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.

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:

	2019 **$**	**2018** **$**
Short-term employee benefits	699,762	458,044
Post-employment benefits	63,114	38,699
Long-term benefits	5,165	31,007
Termination benefits	130,000	-
	898,041	527,750

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:

	2019 $	2018 $
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	37,292	49,050
Other services - Rothsay Chartered Accountants		
Tax compliance services	5,500	4,000
	42,792	53,050

Note 26. Commitments

	2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	110,304	53,750
One to five years	134,011	-
	244,315	53,750
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	-	34,911
Total commitment	-	34,911
Less: Future finance charges	-	(2,973)
Net commitment recognised as liabilities	-	31,938
Representing:		
Lease liability - current (note 16)	-	31,938

Operating lease commitments includes contracted amounts for various warehouses, offices and plant and equipment under non-cancellable operating leases expiring within 1 - 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The motor vehicle related to the finance lease had a written down value of $34,655 at 30 June 2018 and the lease expired during the 30 June 2019 financial year.

Note 27. Related party transactions

Parent entity
SciDev Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Note 27. Related party transactions (continued)

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:

	2019 $	2018 $
Sale of goods and services:		
Sale of goods to other related party	675,446	-
Payment for goods and services:		
Purchase of goods from other related party	118,050	-
Payment for services from other related party	360,851	-
Payment for other expenses:		
Interest paid to other related party	3,539	-
Other transactions:		
Subscription for new ordinary shares by key management personnel as result of share placement	121,301	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019 $	2018 $
Current receivables:		
Trade receivables from other related party	252,307	-

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Profit/(loss) after income tax	(1,081,461)	776,764
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(1,081,461)	776,764

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	1,161,944	634,979
Total non-current assets	5,293,273	4,027,795
Total assets	6,455,217	4,662,774
Total current liabilities	369,778	277,963
Total non-current liabilities	926	-
Total liabilities	370,704	277,963
Net assets	6,084,513	4,384,811
Equity		
Issued capital	77,206,307	74,425,145
Share-based payments reserve	2,763,894	2,763,894
Accumulated losses	(73,885,688)	(72,804,228)
Total equity	6,084,513	4,384,811

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has provided guarantees for the finance lease relating to plant and equipment leased by Science Developments Pty Ltd. The parent entity had no other guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Note 28. Parent entity information (continued)

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. Interests 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
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%
SciDev International Holdings Pty Ltd*	Australia	100.00%	-
SciDev (US) LCC*	United States	100.00%	-

* SciDev (US) LCC is a wholly-owned subsidiary of SciDev International Holdings Pty Ltd and both subsidiaries were incorporated on 8 May 2019

Note 30. Events after the reporting period

On 22 July 2019 the company reported its first major sales into the US oil and gas market.

On 23 July 2019 the company's shareholders approved the issue of the following options at a General Meeting:
- 2,000,000 options to Mr Lewis E Utting - Managing Director and Chief Executive Officer
- 650,000 options to Mr Jon Gourlay - Non-executive Director
- 250,000 options Mr Trevor A Jones - Non-executive Chairman
- 250,000 options to Ms Simone Watt - Non-executive Director

The options issued to Mr Lewis Utting have an exercise price of 10 cents and the options issued to the other Directors have an exercise price of 12 cents. The options granted to Mr Lewis Utting are subject to vesting conditions. The options granted to the non-executive Directors do not have any vesting conditions. The options expire on 23 July 2022. These options form part of a broader option issue to the Board and senior executives totalling 5,350,000 options in total; refer to ASX announcement dated 16 August 2019.

On 30 August 2019 the company announced a major chemical supply and equipment leasing contract with Iluka Resources.

On the 13 September 2019, the company announced the placement of 16,000,0000 new ordinary shares with local institutional and sophisticated investors at an issue price of $0.26 per share to raise total proceeds of $4.16 million. The funds from the placement will predominantly be used to increase inventory, continue development of the consolidated entity's OptiFlox and MaxiFlox technology, and increase working capital. The capital raising was completed on 20 September 2019.

No other matter or circumstance has arisen since 30 June 2019 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 31. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	2019 $	2018 $
Profit/(loss) after income tax benefit/(expense) for the year	(2,032,527)	1,001,869
Adjustments for:		
Depreciation and amortisation	212,767	194,171
Share-based payments	-	41,480
Net loss/(gain) on disposal of non-current assets	27,621	(1,989,200)
Interest received - non-cash	-	(6,250)
Other expenses - non-cash	6,250	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(334,403)	(137,679)
Increase in inventories	(28,141)	(4,345)
Increase in prepayments	(20,925)	-
Increase in trade and other payables	639,250	11,869
Decrease in deferred tax liabilities	(8,122)	(8,142)
Increase/(decrease) in employee benefits	(9,818)	3,882
Net cash used in operating activities	(1,548,048)	(892,345)

Note 32. Changes in liabilities arising from financing activities

	Lease liability $	Total $
Balance at 1 July 2017	44,503	44,503
Net cash used in financing activities	(12,565)	(12,565)
Balance at 30 June 2018	31,938	31,938
Net cash used in financing activities	(31,938)	(31,938)
Balance at 30 June 2019	-	-

Note 33. Earnings per share

	2019 $	2018 $
Profit/(loss) after income tax attributable to the owners of SciDev Limited	(2,032,527)	1,001,869
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	75,683,979	49,522,537
Weighted average number of ordinary shares used in calculating diluted earnings per share	75,683,979	49,522,537
	Cents	**Cents**
Basic earnings per share	(2.69)	2.02
Diluted earnings per share	(2.69)	2.02

Note 33. Earnings per share (continued)

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.

The weighted average number of ordinary shares for 2018 has been restated for the effect of the share consolidation (10 to 1) completed in December 2018, in accordance with AASB 133 'Earnings per share'.

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 Limited, 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 34. 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.

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.

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.

There were no options granted under the scheme during the 2019 financial year.

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.

Note 34. Share-based payments (continued)

Set out below are summaries of options granted:

2019

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
10/12/2014	28/11/2019	$0.025	5,500,000	-	-	(4,950,000)	550,000
02/02/2017	28/11/2019	$0.025	22,500,000	-	-	(20,250,000)	2,250,000
14/08/2017	28/11/2019	$0.025	6,500,000	-	-	(5,850,000)	650,000
28/12/2017	28/11/2019	$0.025	5,000,000	-	-	(4,500,000)	500,000
			39,500,000	-	-	(35,550,000)	3,950,000
Weighted average exercise price			$0.025	$0.000	$0.000	$0.000	$0.025

* Included in expired/forfeited/other is the effect of the 10:1 share/option consolidation that was completed on 4 December 2018. The option exercise price increased as a result of the 1:10 consolidation to $0.25.

2018

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
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

* The option exercise price increased as a result of the 1:10 consolidation to $0.25.

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

Grant date	Expiry date	2019 Number	2018 Number
10/12/2014	28/11/2019	550,000	5,500,000
02/02/2017	28/11/2019	2,250,000	22,500,000
14/08/2017	28/11/2019	650,000	6,500,000
28/12/2017	28/11/2019	500,000	5,000,000
		3,950,000	39,500,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.41 years (2018: 1.41 years).

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

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.

Note 34. Share-based payments (continued)

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.

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.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

SciDev Limited
Directors' declaration
30 June 2019

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 2019 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

____
Lewis E Utting
Managing Director

27 September2019
Sydney

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 2019, 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 2019 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.

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 8 to 14 of the Directors' Report for the year ended 30 June 2019. 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 2019, complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 27 September 2019

Directors	Trevor A Jones - Chairman Lewis E Utting - Managing Director Simone Watt - Non-executive Director Jon Gourlay - Non-executive Director
Company secretary	Heath L Roberts
Notice of annual general meeting	The details of the annual general meeting of SciDev Limited are: Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street, Sydney NSW 2000 11am on Thursday, 21 November 2019
Registered office	C/-Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street, Sydney NSW 2000 Phone: 1300 737 760
Principal place of business	Unit 1 8 Turbo Road Kings Park NSW 2148 Phone: (02) 9622 5185
Share register	Boardroom Pty Limited Level 12 225 George Street, Sydney NSW 2000 Phone: 1300 737 760
Auditor	Rothsay Chartered Accountants Level 12 O'Connell Street Sydney NSW 2000
Stock exchange listing	SciDev Limited shares are listed on the Australian Securities Exchange (ASX code: SDV), the Deutsche Boerse (Code: INF) and as American Depository Receipts on the OTC Markets (Code: ICLJY)
Website	www.scidev.com.au
Corporate governance statement	www.scidev.com.au/corporate-governance