

SciDev Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	SciDev Limited
ABN:	25 001 150 849
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	32% to	24,138
Loss from ordinary activities after tax attributable to the owners of SciDev Limited	down	638% to	(2,298)
Loss for the half-year attributable to the owners of SciDev Limited	down	638% to	(2,298)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2.298 million (31 December 2020: profit of \$0.427 million).

Reference is made to the *Review of Operations* in the Directors' Report contained in the attached Interim Financial Report for SciDev Limited for the half-year ended 31 December 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>12.46</u>	<u>4.76</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of SciDev Limited for the half-year ended 31 December 2021 is attached.

12. Signed

Signed 

Date: 21 February 2022

Lewis Utting
Managing Director
Sydney

SciDev Limited

ABN 25 001 150 849

Interim Report - 31 December 2021

SciDev Limited
Corporate directory
31 December 2021

Directors	Vaughan Busby - Non-executive Chairman Lewis E Utting - Managing Director & Chief Executive Officer Simone Watt - Non-executive Director Jon Gourlay - Non-executive Director Dan O'Toole - Non-executive Director
Company secretary	Heath L Roberts
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	Ernst & Young 200 George Street Sydney NSW 2000
Stock exchange listing	SciDev Limited shares are listed on the Australian Securities Exchange (ASX code: SDV)
Website	www.scidev.com.au
Corporate governance statement	www.scidev.com.au/about/corporate-governance

SciDev Limited
Directors' report
31 December 2021

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 half-year ended 31 December 2021.

Directors

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

Vaughan Busby (appointed a Director and Non-executive Chairman on 9 August 2021)
Lewis E Utting
Simone Watt
Jon Gourlay
Dan O'Toole (appointed a Director on 3 February 2021 and Acting Chairman from 30 June 2021 to 9 August 2021)

Principal activities

The principal activity of the consolidated entity is delivery of process control, professional services, equipment design and construction (including build, own operate services) and chemistry in the Mining and Mineral Processing, Infrastructure and Construction, Water Treatment and Oil & Gas markets.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,298,000 (31 December 2020: profit of \$427,000).

H1 FY22 revenue at \$24.1M was up \$5.8M or 32% year on year on H1 FY21 sales of \$18.3M. Strong sales performance occurred in the USA Oil & Gas market year on year which offset lower activity in the Australian construction sector while Water Services revenue had a solid performance.

Pre tax loss in H1 of \$2.3M was down \$2.88M pcp as higher profits from Oil & Gas and Water year on year were offset by lower outcomes at Mining & Construction and higher Corporate costs.

Cash flow from operations in the first half was negative \$1.33M vs \$4.23M in H1 FY21. H1 FY22 operational cash flows were impacted by a planned inventory build to take advantage of market prices in the second quarter and insulate the business against any supply chain risks in Q3.

The company undertook a equity issue for a \$18M capital raise in the first half and closing at Bank 31/12/21 was \$16.4M.

Significant changes in the state of affairs

On 15 September 2021, SciDev Limited issued 513,000 new ordinary shares at \$0.60 to the vendors of ProSol Australia Pty Ltd (refer note 15). The shares issued represented the fair value of the contingent consideration to be settled by the issue of SciDev Limited shares.

On 9 November 2021, SciDev Limited announced the placement of 27,692,308 new ordinary shares with institutional investors at an issue price of \$0.65 per share (refer note 15).

On 29 November 2021, SciDev Limited issued 527,671 new ordinary shares at \$0.65 per share pursuant to a Share Purchase Plan (SPP) (refer note 15).

During the half-year, the consolidated entity paid contingent consideration of \$2,922,039 (refer note 14) and deferred consideration of \$879,685 to the vendors of Haldon Industries. The consolidated entity also paid contingent consideration of \$313,000 to the vendor of ProSol Australia Pty Ltd (refer note 14).

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2021 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.

SciDev Limited
Directors' report
31 December 2021

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Lewis Utting
Managing Director

21 February 2022
Sydney



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of SciDev Limited

As lead auditor for the review of SciDev Limited for the half year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of SciDev Limited and the entities it controlled during the financial period.

Ernst & Young

Siobhan Hughes
Partner
21 February 2022

SciDev Limited
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31 December 2021

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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 half-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

C/- Boardroom Pty Limited
Level 12
225 George Street
Sydney
NSW 2000

Principal place of business

Unit 1
8 Turbo Road
Kings Park
NSW 2148

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 21 February 2022.

SciDev Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue	3	24,138	18,333
Other income	4	673	545
Expenses			
Changes in inventories, and raw materials and consumables used		(17,651)	(13,364)
Contractors and consultants		(1,056)	(611)
Depreciation and amortisation expense		(1,537)	(269)
Employee benefits expense		(4,613)	(2,466)
Insurance		(163)	(114)
Professional fees		(266)	(210)
Travel, accommodation and conference		(192)	(129)
Other expenses		(1,293)	(1,046)
Finance costs		(338)	(89)
Profit/(loss) before income tax expense		(2,298)	580
Income tax expense		-	(153)
Profit/(loss) after income tax expense for the half-year attributable to the owners of SciDev Limited		(2,298)	427
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income		(515)	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		219	5
Other comprehensive income for the half-year, net of tax		(296)	5
Total comprehensive income for the half-year attributable to the owners of SciDev Limited		<u>(2,594)</u>	<u>432</u>
		Cents	Cents
Basic earnings/(losses) per share	21	(1.37)	0.28
Diluted earnings/(losses) per share	21	(1.37)	0.28

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

SciDev Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 \$'000	30 June 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	16,409	7,010
Trade and other receivables	6	9,793	7,686
Contract assets		-	442
Inventories	7	5,336	3,793
Other		526	337
Total current assets		<u>32,064</u>	<u>19,268</u>
Non-current assets			
Financial assets at fair value through other comprehensive income	8	2,206	2,721
Property, plant and equipment	9	6,539	6,384
Intangibles	10	24,408	24,129
Deferred tax		3,604	3,604
Other		93	45
Total non-current assets		<u>36,850</u>	<u>36,883</u>
Total assets		<u>68,914</u>	<u>56,151</u>
Liabilities			
Current liabilities			
Trade and other payables	11	11,842	9,529
Contract liabilities		-	263
Lease liabilities	13	2,488	2,465
Employee benefits		452	400
Provisions	14	2,690	3,539
Total current liabilities		<u>17,472</u>	<u>16,196</u>
Non-current liabilities			
Borrowings	12	-	280
Lease liabilities	13	1,549	2,385
Provisions	14	3,231	5,675
Total non-current liabilities		<u>4,780</u>	<u>8,340</u>
Total liabilities		<u>22,252</u>	<u>24,536</u>
Net assets		<u>46,662</u>	<u>31,615</u>
Equity			
Issued capital	15	118,919	100,997
Other equity	16	-	308
Reserves	17	(244)	25
Accumulated losses		<u>(72,013)</u>	<u>(69,715)</u>
Total equity		<u>46,662</u>	<u>31,615</u>

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

SciDev Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital \$'000	Other equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	89,875	570	133	(73,168)	17,410
Profit after income tax expense for the half-year	-	-	-	427	427
Other comprehensive income for the half-year, net of tax	-	-	5	-	5
Total comprehensive income for the half-year	-	-	5	427	432
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	7,180	(262)	-	-	6,918
Share-based payments	-	-	2	-	2
Balance at 31 December 2020	<u>97,055</u>	<u>308</u>	<u>140</u>	<u>(72,741)</u>	<u>24,762</u>
	Issued capital \$'000	Other equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	100,997	308	25	(69,715)	31,615
Loss after income tax expense for the half-year	-	-	-	(2,298)	(2,298)
Other comprehensive income for the half-year, net of tax	-	-	(296)	-	(296)
Total comprehensive income for the half-year	-	-	(296)	(2,298)	(2,594)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity (note 15)	18,524	-	-	-	18,524
Transaction costs (note 15)	(955)	-	-	-	(955)
Options exercised (note 15)	45	-	-	-	45
Contingent consideration (note 16)	308	(308)	-	-	-
Share-based payments	-	-	27	-	27
Balance at 31 December 2021	<u>118,919</u>	<u>-</u>	<u>(244)</u>	<u>(72,013)</u>	<u>46,662</u>

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

SciDev Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		22,244	15,865
Payments to suppliers and employees (inclusive of GST)		(24,613)	(20,521)
		(2,369)	(4,656)
Government grants and subsidies		119	106
Interest received		-	1
R&D tax incentive received		1,043	380
Interest and other finance costs paid		(130)	(90)
Income taxes refunded		-	30
Net cash used in operating activities		(1,337)	(4,229)
Cash flows from investing activities			
Payments for deferred consideration		(880)	-
Payments for contingent consideration		(3,235)	(267)
Payments for property, plant and equipment		(1,290)	(270)
Payments for intangibles		(59)	(119)
Payments for security deposits		(48)	-
Proceeds from disposal of property, plant and equipment		-	53
Proceeds from release of security deposits		-	23
Net cash used in investing activities		(5,512)	(580)
Cash flows from financing activities			
Proceeds from issue of shares		18,387	7,000
Proceeds from borrowings		-	817
Repayment of borrowings and lease liabilities		(1,193)	(290)
Proceeds from exercise of share options		-	110
Share issue transaction costs		(954)	(192)
Net cash from financing activities		16,240	7,445
Net increase in cash and cash equivalents		9,391	2,636
Cash and cash equivalents at the beginning of the financial half-year		7,010	4,482
Effects of exchange rate changes on cash and cash equivalents		8	(10)
Cash and cash equivalents at the end of the financial half-year	5	<u>16,409</u>	<u>7,108</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity operates in primarily two geographical segments: Australia and the United States. The primary business segment is the treatment of industrial waste.

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

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Operating segment information for the six months ended:

	Australia \$'000	United States \$'000	Eliminations and adjustments \$'000	Total \$'000
31 Dec 2021				
Revenue				
Sales to external customers	12,117	12,021	-	24,138
Intersegment sales	13	10	(23)	-
Total revenue	<u>12,130</u>	<u>12,031</u>	<u>(23)</u>	<u>24,138</u>
EBITDA	<u>(975)</u>	<u>461</u>	<u>91</u>	<u>(423)</u>
Depreciation and amortisation				(1,537)
Finance costs				(338)
Loss before income tax expense				<u>(2,298)</u>
Income tax expense				-
Loss after income tax expense				<u>(2,298)</u>

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 2. Operating segments (continued)

31 Dec 2020	Australia \$'000	United States \$'000	Eliminations and adjustments \$'000	Total \$'000
Revenue				
Sales to external customers	11,350	6,983	-	18,333
Intersegment sales	-	73	(73)	-
Total revenue	<u>11,350</u>	<u>7,056</u>	<u>(73)</u>	<u>18,333</u>
EBITDA	<u>1,368</u>	<u>(430)</u>	<u>-</u>	<u>938</u>
Depreciation and amortisation				(269)
Finance costs				(89)
Profit before income tax expense				<u>580</u>
Income tax expense				(153)
Profit after income tax expense				<u>427</u>

Note 3. Revenue

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Treatment fees and product sales	<u>24,138</u>	<u>18,333</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<i>Geographical regions</i>		
Australia	11,202	9,045
North America	10,104	7,907
Asia	2,602	1,381
Other	230	-
	<u>24,138</u>	<u>18,333</u>

Note 4. Other income

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Net gain on disposal of property, plant and equipment	-	15
Subsidies and grants	404	513
Sundry	269	17
Other income	<u>673</u>	<u>545</u>

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 5. Cash and cash equivalents

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current assets</i>		
Cash at bank	16,359	6,960
Cash on deposit	50	50
	<u>16,409</u>	<u>7,010</u>

Note 6. Trade and other receivables

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current assets</i>		
Trade receivables	9,675	6,522
Other receivables	118	1,164
	<u>9,793</u>	<u>7,686</u>

Note 7. Inventories

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current assets</i>		
Stock in transit - at cost	541	227
Stock on hand - at cost	4,795	3,566
	<u>5,336</u>	<u>3,793</u>

Note 8. Financial assets at fair value through other comprehensive income

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Non-current assets</i>		
Unlisted equity securities	167	2,721
Listed equity securities	2,039	-
	<u>2,206</u>	<u>2,721</u>

Reconciliation

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

Opening fair value	2,721	1,503
Revaluation increments	164	1,218
Revaluation decrements	(679)	-
Closing fair value	<u>2,206</u>	<u>2,721</u>

Investment in listed equity securities

Included in the total value of unlisted securities at 30 June 2021 is an investment of \$2,717,987 in Tartana Resources Ltd (Tartana).

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 8. Financial assets at fair value through other comprehensive income (continued)

On 4 February 2021, R3D Resources Limited (ASX:R3D) announced an off-market all scrip takeover bid for 100% of the fully paid ordinary shares and 100% of the options in Tartana. The offer closed on 31 July 2021 and at that date R3D had a relevant interest in 99.89% of Tartana shares. SciDev received 13,589,935 R3D shares and 2,727,987 attaching options for the shares it held in Tartana. As a consequence of the takeover, the investment was reclassified from unlisted to listed. The options were valued at \$164,000 and are disclosed as unlisted equity securities.

Refer to note 18 for further information on fair value measurement.

Note 9. Property, plant and equipment

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Non-current assets</i>		
Office buildings and warehouses - at cost	392	568
Less: Accumulated depreciation	(186)	(297)
	<u>206</u>	<u>271</u>
Plant and equipment - at cost	8,641	7,077
Less: Accumulated depreciation	(2,902)	(1,534)
	<u>5,739</u>	<u>5,543</u>
Motor vehicles - at cost	800	668
Less: Accumulated depreciation	(213)	(117)
	<u>587</u>	<u>551</u>
Office equipment - at cost	32	39
Less: Accumulated depreciation	(25)	(20)
	<u>7</u>	<u>19</u>
	<u><u>6,539</u></u>	<u><u>6,384</u></u>

Reconciliations

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

	Office buildings and warehouses \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Total \$'000
Balance at 1 July 2021	271	5,543	551	19	6,384
Additions	-	1,150	77	-	1,227
Additions to right-of-use assets	-	383	50	-	433
Transfer	11	-	(11)	-	-
Exchange differences	7	10	3	-	20
Write off of assets	-	-	-	(7)	(7)
Depreciation expense	(83)	(1,347)	(83)	(5)	(1,518)
Balance at 31 December 2021	<u><u>206</u></u>	<u><u>5,739</u></u>	<u><u>587</u></u>	<u><u>7</u></u>	<u><u>6,539</u></u>

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 9. Property, plant and equipment (continued)

Included in the above line items are right-of-use assets over the following:

	Office buildings and warehouses \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2021	271	4,360	161	4,792
Additions	-	383	50	433
Transfer	11	-	(11)	-
Exchange differences	7	-	3	10
Depreciation expense	(83)	(1,108)	(27)	(1,218)
Balance at 31 December 2021	<u>206</u>	<u>3,635</u>	<u>176</u>	<u>4,017</u>

Note 10. Intangibles

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	<u>23,841</u>	<u>23,606</u>
Trade marks and intellectual property - at cost	862	798
Less: Accumulated amortisation	<u>(295)</u>	<u>(275)</u>
	<u>567</u>	<u>523</u>
	<u>24,408</u>	<u>24,129</u>

Reconciliations

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

	Goodwill \$'000	Trade marks and intellectual property \$'000	Total \$'000
Balance at 1 July 2021	23,606	523	24,129
Additions	-	59	59
Exchange differences	235	4	239
Amortisation expense	-	(19)	(19)
Balance at 31 December 2021	<u>23,841</u>	<u>567</u>	<u>24,408</u>

Note 11. Trade and other payables

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current liabilities</i>		
Trade payables	10,589	7,618
Other payables	<u>1,253</u>	<u>1,911</u>
	<u>11,842</u>	<u>9,529</u>

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 12. Borrowings

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Non-current liabilities</i>		
Loan - Paycheck Protection Program (USA)	-	280

On 26 August 2021, the company received confirmation that the loan owing by its subsidiary Highland Fluid Technology Inc, in terms of the Paycheck Protection Program (USA), had been forgiven. The balance outstanding on the loan at 30 June 2021 was US\$209,809 (A\$279,883).

Note 13. Lease liabilities

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current liabilities</i>		
Lease liability - land and buildings	139	277
Lease liability - motor vehicles	63	73
Lease liability - equipment	2,286	2,115
	2,488	2,465
<i>Non-current liabilities</i>		
Lease liability - land and buildings	78	17
Lease liability - motor vehicles	135	123
Lease liability - equipment	1,336	2,245
	1,549	2,385
	4,037	4,850

Note 14. Provisions

	31 Dec 2021 \$'000	30 June 2021 \$'000
<i>Current liabilities</i>		
Contingent consideration	2,690	3,539
<i>Non-current liabilities</i>		
Contingent consideration	3,231	5,675
	5,921	9,214

The contingent consideration relates to the acquisition of Haldon Industries and ProSol Pty Ltd and represents the cash component of the contingent consideration. It is measured at the present value of the estimated liability.

Movements in contingent consideration

Movements in the contingent consideration during the current financial half-year are set out below:

SciDev Limited
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Note 14. Provisions (continued)

	Contingent consideration - Haldon \$'000	Contingent consideration - ProSol \$'000	Total \$'000
Carrying amount at the start of the half-year	8,901	313	9,214
Payments	(2,922)	(313)	(3,235)
Unused amounts reversed	(266)	-	(266)
Unwinding of discount	208	-	208
	<u>5,921</u>	<u>-</u>	<u>5,921</u>
Carrying amount at the end of the half-year			

Note 15. Issued capital

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 \$'000	30 June 2021 \$'000
Ordinary shares - fully paid	<u>187,806,678</u>	<u>158,370,242</u>	<u>118,919</u>	<u>100,997</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	158,370,242		100,997
Options exercised	5 July 2021	125,000	\$0.12	15
Options exercised	19 July 2021	25,000	\$0.12	3
Options exercised	18 August 2021	100,000	\$0.12	12
Shares issued to the vendor of ProSol Australia Pty Ltd (a)	15 September 2021	513,000	\$0.60	308
Options exercised	25 October 2021	125,000	\$0.12	15
Share placement (b)	9 November 2021	27,692,308	\$0.65	18,000
Share purchase plan (b)	29 November 2021	527,671	\$0.65	343
Shares issued to settle outstanding employee incentive entitlements (c)	23 December 2021	328,457	\$0.55	181
Share issue costs net of deferred tax				(955)
Balance	31 December 2021	<u>187,806,678</u>		<u>118,919</u>

(a) Shares issued to the vendor of ProSol Australia Pty Ltd

On 15 September 2021, SciDev Limited issued 513,000 new ordinary shares at \$0.60 to the vendors of ProSol Australia Pty Ltd. The shares issued represented the fair value of the contingent consideration to be settled by the issue of SciDev Limited shares (refer note 16).

(b) Share placement and share purchase plan

On 9 November 2021, SciDev Limited announced the placement of 27,692,308 new ordinary shares with institutional investors at an issue price of \$0.65 per share.

On 29 November 2021, SciDev Limited issued 527,671 new ordinary shares at \$0.65 per share pursuant to a Share Purchase Plan (SPP).

(c) Shares issued to settle outstanding employee incentive entitlements

On 23 December 2021, SciDev Limited issued 328,457 fully paid ordinary shares to the Managing Director (Lewis Utting). The shares were issued in settlement of the balance of his Short Term Incentive payment for the 30 June 2021 financial year and the payment of his Long Term Incentive for the 30 June 2021 financial year. The issue of the shares was approved by the company's shareholders at the annual general meeting held on 25 November 2021.

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 16. Other equity

	31 Dec 2021 \$'000	30 June 2021 \$'000
Contingent consideration	-	308

The contingent consideration was related to the acquisition of ProSol Pty Ltd and represented the fair value of the consideration that was settled by the issue of SciDev Ltd shares.

	31 Dec 2021 \$'000	30 June 2021 \$'000
Opening balance	308	570
Issue of shares (note 15)	(308)	(262)
Closing balance	-	308

Note 17. Reserves

	31 Dec 2021 \$'000	30 June 2021 \$'000
Revaluation reserve	295	810
Foreign currency reserve	(898)	(1,117)
Share-based payments reserve	359	332
	(244)	25

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Revaluation reserve \$'000	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Total \$'000
Balance at 1 July 2021	810	(1,117)	332	25
Revaluation - gross (note 8)	(515)	-	-	(515)
Foreign currency translation	-	219	-	219
Share-based payments	-	-	27	27
Balance at 31 December 2021	295	(898)	359	(244)

Note 18. 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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 Dec 2021				
<i>Assets</i>				
Equity securities - listed	2,039	-	-	2,039
Equity securities - unlisted	-	167	-	167
Total assets	2,039	167	-	2,206
<i>Liabilities</i>				
Contingent consideration	-	-	(5,921)	(5,921)
Total liabilities	-	-	(5,921)	(5,921)
30 June 2021				
<i>Assets</i>				
Equity securities - listed	-	2,718	-	2,718
Equity securities - unlisted	-	3	-	3
Total assets	-	2,721	-	2,721
<i>Liabilities</i>				
Contingent consideration	-	-	(9,214)	(9,214)
Total liabilities	-	-	(9,214)	(9,214)

Transfers between levels 1 and 2

During the half-year, the company's investment in Tartana Resources Limited (Tartana) was acquired by an ASX listed entity, R3D Resources Limited, in a scrip for scrip takeover. SciDev Limited received 13,589,935 R3D shares and 2,727,987 attaching options for the shares it held in Tartana. Consequently, the investment in Tartana was transferred from level 2 to level 1 following the takeover.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Level 2: Equity securities

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Contingent consideration

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The valuation model for the contingent consideration upon acquisition, considered the present value of expected future payments. The contingent consideration liability is discounted using a risk adjusted discount rate. The significant input to the consideration calculation is the entity's EBITDA. The probability of achieving the maximum payout under the contract has been estimated at 88%. If the target EBITDA is achieved at 100% the payout would increase by \$740,081.

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 18. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

	Contingent consideration \$'000
Balance at 1 July 2021	(9,214)
Gains recognised in profit or loss	266
Payments	3,235
Unwinding of discount recognised through net finance costs	(208)
Balance at 31 December 2021	<u>(5,921)</u>
Total gains for the previous half-year included in profit or loss that relate to level 3 assets held at the end of the previous half-year	<u>-</u>
Total gains for the current half-year included in profit or loss that relate to level 3 assets held at the end of the current half-year	<u>266</u>

There were no gains or losses relating to level 3 liabilities held at 31 December 2020.

Note 19. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 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 20. Cash flow information

Non-cash investing and financing activities

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Shares issued to acquire ProSol Australia Pty Ltd	308	262
Additions to right-of-use assets	369	381
Paycheck Protection Program (USA) loan converted into a subsidy	280	-
Shares issued to settle outstanding employee incentive entitlements	181	-

SciDev Limited
Notes to the consolidated financial statements
31 December 2021

Note 21. Earnings/(losses) per share

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Profit/(loss) after income tax attributable to the owners of SciDev Limited	<u>(2,298)</u>	<u>427</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>167,810,421</u>	<u>152,740,092</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>167,810,421</u>	<u>152,740,092</u>
	Cents	Cents
Basic earnings/(losses) per share	(1.37)	0.28
Diluted earnings/(losses) per share	(1.37)	0.28

SciDev Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Lewis Utting
Managing Director

21 February 2022
Sydney

Independent Auditor's Review Report to the Members of SciDev Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of SciDev Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the Corporations Act 2001, including:

- a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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





Ernst & Young

A handwritten signature in grey ink, reading 'Siobhan Hughes', is located below the printed name.

Siobhan Hughes
Partner
Sydney
21 February 2022