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ASX code: SDV

8 February 2021

SciDev delivers inaugural net profit of A\$0.4m

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its results for the half-year period ending 31 December 2020.

1HFY21 Financial Highlights

- Reported half year net profit of A\$0.4m (1HFY20 -A\$0.2m)
- Record half year results;
 - sales of A\$18.3m (+300% vs 1HFY20 A\$6.1m)
 - cash receipts from customers of A\$15.8m (+290% vs 1HFY20 A\$3.8m)
- Net cash at the end of the period of A\$7.1m
- Strong gross profit margin of 23% (FY20 17%)

1HFY21 Operational Highlights

- Strong development pipeline with field qualifications underway across all sectors
- Expansion into the infrastructure sector providing opportunities for global growth
- Strong revenue growth in mining sector with sales to a range of blue-chip customers
- New offerings in Oil & Gas with strong momentum as activities continue to rebound

Reflecting on the Company's performance of 1HFY21, SciDev Managing Director and Chief Executive Officer Lewis Utting said: *'It is pleasing to deliver a profit over this period. The strong revenue growth we delivered is a positive reflection of the continued work from the SciDev team and the growing acknowledgement and appreciation from the market for our bespoke products and technology.'*

Importantly, we are continuing to progress towards cashflow sustainability. The Company delivered a positive net cashflow from operations of A\$1.8m in the second quarter. With our growth pipeline and strong gross profit margin we will continue to push towards positive cash generation over the remainder of FY21.

Our strong balance sheet is strong with a net cash position of A\$7m provides an opportunity for the Company to execute on our business development initiatives as well as seek other avenues for growth.

I would like to thank the SciDev team for their efforts over the period as we look forward to continued success and delivering on a range of growth opportunities over the coming quarters.'

Financial Review

Revenue for 1HFY21 of A\$18.3m (1HFY20: A\$6.1) reflects business development growth across all the Company's four sectors of Mining & Mineral Processing, Oil & Gas, Construction & Infrastructure, and Water & Wastewater. The continued growth in the Oil & Gas sector, as drilling activities continued to rebound, delivered A\$6.9m sales for the half year. Mining & Mineral processing sales delivered A\$7.2m the half year as the Company continues to grow sales into long-term supply agreements with a range of blue-chip customers such as BHP Billiton, Iluka and MMG. Sales into the construction sector added \$A3.1m to the revenue growth over the period. Activities in Water & Wastewater were broadly in line with the previous period as evaluations of SciDev chemistry continue to be on hold pending improved COVID-19 pandemic outlook.

	Mining & Mineral Processing	Oil & Gas	Construction & Infrastructure	Water & Wastewater	Total
1HFY21 Sector revenue (A\$m)	A\$7.2	A\$6.9	A\$3.1	A\$1.1	A\$18.3
% of Total Revenue	39%	38%	17%	6%	

Cash receipts were A\$15.8m for the half, a considerable uplift on 1H20 levels of A\$3.8m. Despite the strong uplift in cash receipts, cash from operating activities was (A\$4.6m) for the period. The negative operating cashflow is reflective of timing differences between revenue and costs and a product inventory build as the Company gears up to deliver on growth.

At the end of the half the Company had trade receivables of A\$5.5m and trade payables of A\$5.1m. Whilst operating cashflow for the half was negative, the Company delivered A\$1.8m of cash flow from operations for the second quarter, the Company remains committed to delivering positive cashflow.

Cash at bank at the end of the period was A\$7.1m (A\$3.1m at 31 December 2019). The Company ended the period with A\$3.5m of inventory on hand. Gross profit margin for the period was 23% representing a 35% increase on 1HFY20. Gross profit margin is anticipated to normalise in the range of 20-30%.

Outlook

Management focus for the remainder of FY21 will be:

- Ongoing focus on the health and safety of our employees and stakeholders
- Continued focus on increasing sales and cash conversion in all regions]
- Capitalise on our position and market recovery in the North American Oil & Gas sector
- Drive additional growth in infrastructure sector locally and globally
- Progress commercial discussions post field validation across several BD opportunities
- Continue discussions with technology partners in North America and Europe
- Ongoing assessment of strategic growth opportunities globally

Lewis Utting

Managing Director & Chief Executive Officer

This release has been approved by the Board of Directors of SciDev Limited.

For Further Information:

Corporate

Lewis Utting – MD & CEO

Heath Roberts – Company Secretary

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Investors

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About SciDev

SciDev is a leader in the development and application of both chemistry and process control for solids- liquid separation. SciDev brings together world-class technology, chemistry, management and manufacturing capabilities to solve pressing operational and environmental issues for the water, oil and gas, mining and construction markets.

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 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	200% to	18,332,647
Profit from ordinary activities after tax attributable to the owners of SciDev Limited	up	324% to	427,450
Profit for the half-year attributable to the owners of SciDev Limited	up	324% to	427,450

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax amounted to \$427,450 (31 December 2019: loss of \$191,233).

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 2020.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.69	4.30

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 2020 is attached.

12. Signed



Lewis Utting, Managing Director and Chief Executive Officer
for and on behalf of the Board

Date: 5 February 2021

SciDev Limited

ABN 25 001 150 849

Interim Report - 31 December 2020

SciDev Limited
Corporate directory
31 December 2020

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
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)
Website	www.scidev.com.au
Corporate Governance Statement	www.scidev.com.au/corporate-governance

SciDev Limited
Directors' report
31 December 2020

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 2020.

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:

Trevor A Jones - Chairman
 Lewis E Utting - Managing Director
 Simone Watt - Non-executive Director
 Jon Gourlay - Non-executive Director

Principal activities

The principal activity of the consolidated entity is delivery of process control, professional services and chemistry in the Mining, 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

Revenue for 1H FY21 of AUD\$18.3million (1H FY20: AUD\$6.1 million) reflecting ongoing sales into existing customers and development activities.

The consolidated entity revenues grew in all four customer sectors, Mining & Mineral Processing, Oil & Gas, Construction & Infrastructure, and Water & Wastewater. Revenue growth has been driven by expansion into the construction sector, USA Oil & Gas, field validation work in the Canadian oil sands, BHP Olympic Dam and with several other target clients.

1H FY21 profit for the consolidated entity after providing for income tax amounted to AUD\$427,450 (31 December 2019: loss of AUD\$191,233).

The consolidated entity 1H FY21 cash receipts are AUD\$15.8 million (1H FY20: AUD\$3.8 million), with trade receivables of AUD\$5.5 million and trade payables of AUD\$5.1 million.

Net cash inflow from operations in Q2 FY21 was AUD\$1.8 million, net cash flow from operations for 1H FY21 was -\$4.2 million. The consolidated entity strengthened its supply chain engagement which is reflected in DSO improvement of 10% Qtr on Qtr.

Cash at Bank at the end of the period was AUD\$7.1 million (1H FY20 AUD\$2.8 million).

Gross profit margin for the period was 23% representing a 29% increase on FY20 result.

Reconciliation of profit/(loss) before income tax to EBITDA:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit/(loss) before income tax expense	580,580	(191,233)
Depreciation and amortisation	268,989	137,627
Interest revenue	(923)	(2,331)
Finance costs	90,159	35,133
EBITDA	<u>938,805</u>	<u>(20,804)</u>

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which has not been audited or reviewed by the company's external auditor, is important to management as an additional way to evaluate the consolidated entity's performance.

**SciDev Limited
Directors' report
31 December 2020**

Significant changes in the state of affairs

There were no 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 2020 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.

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

5 February 2021
Sydney

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

As lead auditor of SciDev Limited for the half year ended 31 December 2020, 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.

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

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 02 February 2021

SciDev Limited
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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 5 February 2021.

SciDev Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	3	18,332,647	6,118,308
Other income	4	545,538	31,148
Interest revenue		923	2,331
Expenses			
Changes in inventories, and raw materials and consumables used		(13,364,146)	(4,264,671)
Employee benefits expense		(2,465,899)	(739,796)
Depreciation and amortisation expense		(268,989)	(137,627)
Engineering and other consultants expenses		(370,632)	(114,304)
Impairment of assets		-	(3,496)
Write off of assets		(25,300)	-
Insurance		(114,420)	(42,628)
Listing and share registry expenses		(50,015)	(98,656)
Foreign exchange losses		(161,221)	-
Professional fees		(209,690)	(404,336)
Rent and related expenses		(180,030)	(43,372)
Travel, accommodation and conference		(128,599)	(159,749)
Other expenses		(869,428)	(299,252)
Finance costs		(90,159)	(35,133)
Profit/(loss) before income tax expense		580,580	(191,233)
Income tax expense		(153,130)	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of SciDev Limited		427,450	(191,233)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		5,408	(106,918)
Other comprehensive income for the half-year, net of tax		5,408	(106,918)
Total comprehensive income for the half-year attributable to the owners of SciDev Limited		432,858	(298,151)
		Cents	Cents
Basic earnings per share	18	0.28	(0.16)
Diluted earnings per share	18	0.28	(0.16)

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 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	7,107,807	4,481,783
Trade and other receivables	6	5,620,394	2,170,036
Inventories	7	3,567,713	4,805,023
Income tax refund due		3,049	32,623
Other		448,011	153,254
Total current assets		<u>16,746,974</u>	<u>11,642,719</u>
Non-current assets			
Financial assets at fair value through other comprehensive income		1,502,900	1,502,900
Property, plant and equipment	8	1,518,467	1,196,808
Intangibles	9	11,473,513	11,402,074
Deferred tax		1,211,232	1,364,362
Other		39,706	64,053
Total non-current assets		<u>15,745,818</u>	<u>15,530,197</u>
Total assets		<u>32,492,792</u>	<u>27,172,916</u>
Liabilities			
Current liabilities			
Trade and other payables	10	5,837,764	8,500,186
Contract liabilities		2,484	-
Borrowings	11	656,965	-
Lease liabilities	12	387,679	182,780
Employee benefits		167,505	126,448
Provisions	13	313,500	285,258
Total current liabilities		<u>7,365,897</u>	<u>9,094,672</u>
Non-current liabilities			
Borrowings	11	252,792	284,918
Lease liabilities	12	112,049	70,655
Provisions	13	-	313,500
Total non-current liabilities		<u>364,841</u>	<u>669,073</u>
Total liabilities		<u>7,730,738</u>	<u>9,763,745</u>
Net assets		<u>24,762,054</u>	<u>17,409,171</u>
Equity			
Issued capital	14	97,054,733	89,874,533
Other equity	15	307,800	569,975
Reserves	16	140,085	132,677
Accumulated losses		<u>(72,740,564)</u>	<u>(73,168,014)</u>
Total equity		<u>24,762,054</u>	<u>17,409,171</u>

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

SciDev Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	76,899,789	2,210,703	(74,411,471)	4,699,021
Loss after income tax expense for the half-year	-	-	(191,233)	(191,233)
Other comprehensive income for the half-year, net of tax	-	(106,918)	-	(106,918)
Total comprehensive income for the half-year	-	(106,918)	(191,233)	(298,151)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,314,899	-	-	5,314,899
Balance at 31 December 2019	82,214,688	2,103,785	(74,602,704)	9,715,769

Consolidated	Issued capital \$	Other equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	89,874,533	569,975	132,677	(73,168,014)	17,409,171
Profit after income tax expense for the half-year	-	-	-	427,450	427,450
Other comprehensive income for the half-year, net of tax	-	-	5,408	-	5,408
Total comprehensive income for the half-year	-	-	5,408	427,450	432,858
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 14)	7,180,200	(262,175)	-	-	6,918,025
Share-based payments (note 19)	-	-	2,000	-	2,000
Balance at 31 December 2020	97,054,733	307,800	140,085	(72,740,564)	24,762,054

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

SciDev Limited
Statement of cash flows
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,864,650	3,818,376
Payments to suppliers and employees (inclusive of GST)		<u>(20,520,232)</u>	<u>(6,311,163)</u>
		(4,655,582)	(2,492,787)
Government grants and subsidies		105,501	-
Interest received		923	2,331
R&D tax offset received		380,361	-
Interest and other finance costs paid		(90,159)	(35,133)
Income taxes refunded		<u>29,574</u>	<u>-</u>
Net cash used in operating activities		<u>(4,229,382)</u>	<u>(2,525,589)</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(926,438)
Payments for property, plant and equipment	8	(270,239)	(161,399)
Payments for intangibles	9	(119,119)	(28,113)
Payments for contingent consideration	13	(267,031)	-
Proceeds from disposal of property, plant and equipment		52,747	-
Proceeds from release of security deposits		<u>22,937</u>	<u>-</u>
Net cash used in investing activities		<u>(580,705)</u>	<u>(1,115,950)</u>
Cash flows from financing activities			
Proceeds from issue of shares	14	7,000,000	4,972,899
Proceeds from borrowings		817,639	-
Proceeds from exercise of share options		110,000	-
Share issue transaction costs		(191,975)	-
Repayment of borrowings and lease liabilities		<u>(290,046)</u>	<u>(10,983)</u>
Net cash from financing activities		<u>7,445,618</u>	<u>4,961,916</u>
Net increase in cash and cash equivalents		2,635,531	1,320,377
Cash and cash equivalents at the beginning of the financial half-year		4,481,783	1,756,209
Effects of exchange rate changes on cash and cash equivalents		<u>(9,507)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year	5	<u><u>7,107,807</u></u>	<u><u>3,076,586</u></u>

The above 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 2020 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 2020 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. In the 31 December 2019 financial half-year the consolidated entity operated in primarily one geographical segment being Australia and revenue attributable to overseas subsidiaries was not material to the consolidated entity. 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 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.

SciDev Limited
Notes to the financial statements
31 December 2020

Note 2. Operating segments (continued)

Operating segment information

	Australia \$	United States \$	Eliminations and adjustments \$	Total \$
Consolidated - 31 Dec 2020				
Revenue				
Sales to external customers	11,332,519	6,854,442	-	18,186,961
Intersegment sales	-	73,210	(73,210)	-
Total sales revenue	11,332,519	6,927,652	(73,210)	18,186,961
Other revenue	16,868	128,818	-	145,686
Interest revenue	923	-	-	923
Total revenue	11,350,310	7,056,470	(73,210)	18,333,570
EBITDA	1,368,422	(429,617)	-	938,805
Depreciation and amortisation				(268,989)
Interest revenue				923
Finance costs				(90,159)
Profit before income tax expense				580,580
Income tax expense				(153,130)
Profit after income tax expense				427,450

Note 3. Revenue

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
<i>Revenue from contracts with customers</i>		
Treatment fees and product sales	18,186,961	6,082,916
<i>Other revenue</i>		
Other	145,686	35,392
Revenue	<u>18,332,647</u>	<u>6,118,308</u>

Note 4. Other income

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Net foreign exchange gain	-	31,148
Net gain on disposal of property, plant and equipment	15,337	-
Subsidies and grants	512,847	-
Sundry	17,354	-
Other income	<u>545,538</u>	<u>31,148</u>

SciDev Limited
Notes to the financial statements
31 December 2020

Note 5. Cash and cash equivalents

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>7,107,807</u>	<u>4,481,783</u>

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Trade receivables	5,593,187	2,111,383
Other receivables	<u>27,207</u>	<u>58,653</u>
	<u>5,620,394</u>	<u>2,170,036</u>

Note 7. Inventories

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Stock in transit - at cost	-	547,877
Stock on hand - at cost	<u>3,567,713</u>	<u>4,257,146</u>
	<u>3,567,713</u>	<u>4,805,023</u>

Note 8. Property, plant and equipment

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Office buildings and warehouses - at cost	513,932	186,480
Less: Accumulated depreciation	<u>(174,204)</u>	<u>(86,068)</u>
	<u>339,728</u>	<u>100,412</u>
Plant and equipment - at cost	2,037,365	2,204,673
Less: Accumulated depreciation	<u>(1,013,523)</u>	<u>(1,247,984)</u>
	<u>1,023,842</u>	<u>956,689</u>
Motor vehicles - at cost	303,888	284,340
Less: Accumulated depreciation	<u>(164,049)</u>	<u>(164,395)</u>
	<u>139,839</u>	<u>119,945</u>
Office equipment - at cost	30,063	61,090
Less: Accumulated depreciation	<u>(15,005)</u>	<u>(41,328)</u>
	<u>15,058</u>	<u>19,762</u>
	<u>1,518,467</u>	<u>1,196,808</u>

Note 8. Property, plant and equipment (continued)

Reconciliations

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

Consolidated	Office buildings and warehouses \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Total \$
Balance at 1 July 2020	100,412	956,689	119,945	19,762	1,196,808
Additions	-	270,239	-	-	270,239
Disposals	-	(28,202)	(9,208)	-	(37,410)
Adjustments	-	1,503	(25)	-	1,478
Exchange differences	3,186	(33,957)	(8,093)	-	(38,864)
Recognition of right of use asset	327,452	-	53,844	-	381,296
Depreciation expense	(91,322)	(142,430)	(16,624)	(4,704)	(255,080)
Balance at 31 December 2020	<u>339,728</u>	<u>1,023,842</u>	<u>139,839</u>	<u>15,058</u>	<u>1,518,467</u>

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

	Office buildings and warehouses \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	100,412	101,393	201,805
Recognition of right-of-use asset	327,452	53,844	381,296
Exchange differences	3,186	(7,559)	(4,373)
Depreciation expense	(91,322)	(11,410)	(102,732)
Balance at 30 June 2020	<u>339,728</u>	<u>136,268</u>	<u>475,996</u>

Note 9. Intangibles

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	10,987,134	10,987,134
Trade marks and intellectual property - at cost	742,958	670,125
Less: Accumulated amortisation	(256,579)	(255,185)
	<u>486,379</u>	<u>414,940</u>
	<u>11,473,513</u>	<u>11,402,074</u>

Note 9. Intangibles (continued)

Reconciliations

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

	Goodwill \$	Trade marks and intellectual property \$	Total \$
Consolidated			
Balance at 1 July 2020	10,987,134	414,940	11,402,074
Additions	-	119,119	119,119
Exchange differences	-	(8,471)	(8,471)
Write off of assets	-	(25,300)	(25,300)
Amortisation expense	-	(13,909)	(13,909)
Balance at 31 December 2020	<u>10,987,134</u>	<u>486,379</u>	<u>11,473,513</u>

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	5,165,850	7,823,591
BAS payable	136,024	238,775
Other payables	535,890	437,820
	<u>5,837,764</u>	<u>8,500,186</u>

Note 11. Borrowings

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Debtor factoring facility	656,965	-
<i>Non-current liabilities</i>		
Loan - Paycheck Protection Program (USA)	252,792	284,918
	<u>909,757</u>	<u>284,918</u>

SciDev Limited
Notes to the financial statements
31 December 2020

Note 12. Lease liabilities

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Lease liability - land and buildings	340,999	89,574
Lease liability - motor vehicles	46,680	93,206
	<u>387,679</u>	<u>182,780</u>
<i>Non-current liabilities</i>		
Lease liability - land and buildings	7,730	15,594
Lease liability - motor vehicles	104,319	55,061
	<u>112,049</u>	<u>70,655</u>
	<u><u>499,728</u></u>	<u><u>253,435</u></u>

Note 13. Provisions

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Contingent consideration	313,500	267,031
Warranties	-	18,227
	<u>313,500</u>	<u>285,258</u>
<i>Non-current liabilities</i>		
Contingent consideration	-	313,500
	<u><u>313,500</u></u>	<u><u>598,758</u></u>

The deferred consideration provision represents the obligation to pay contingent consideration in connection with the acquisition of ProSol Australia Pty Ltd. It is measured at the present value of the estimated liability.

Note 14. Issued capital

	Consolidated			
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>153,145,242</u>	<u>140,889,052</u>	<u>97,054,733</u>	<u>89,874,533</u>

SciDev Limited
Notes to the financial statements
31 December 2020

Note 14. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	140,889,052		89,874,533
Share placement	24 July 2020	7,692,308	\$0.65	5,000,000
Options exercised	29 July 2020	125,000	\$0.12	15,000
Shares issued to the vendor of ProSol Australia Pty Ltd	29 July 2020	436,959	\$0.60	262,175
Share purchase plan	21 August 2020	3,076,923	\$0.65	2,000,000
Options exercised	17 November 2020	800,000	\$0.10	80,000
Options exercised	26 November 2020	125,000	\$0.12	15,000
Share issue expenses		-	\$0.00	(191,975)
Balance	31 December 2020	<u>153,145,242</u>		<u>97,054,733</u>

Share placement and share purchase plan

On 24 July 2020 SciDev Limited announced the placement of 7,692,308 new ordinary shares with two leading Australian Fund Managers at an issue price of \$0.65 per share.

On 21 August 2020 SciDev Limited announced that it had issued 3,076,923 new ordinary shares at \$0.65 per share pursuant to a Share Purchase Plan (SPP).

The net proceeds from the Share Placement and the SPP were used to fund a range of organic and inorganic business growth opportunities.

Shares issued to the vendor of ProSol Australia Pty Ltd

On 29 July 2020 SciDev Limited issued 436,959 ordinary shares to the vendor of ProSol Australia Pty Ltd (ProSol) being part of the first tranche of milestone consideration under the terms of acquisition of ProSol (see note 15).

Note 15. Other equity

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Contingent consideration	<u>307,800</u>	<u>569,975</u>

The contingent consideration relates to the acquisition of ProSol Pty Ltd and represents the fair value of the consideration to be settled by the issue of SciDev Ltd shares.

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Opening balance	569,975	-
Acquisition of ProSol Pty Ltd	-	569,975
Issue of shares	(262,175)	-
Closing balance	<u>307,800</u>	<u>569,975</u>

Note 16. Reserves

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Foreign currency reserve	(30,902)	(36,310)
Share-based payments reserve	170,987	168,987
	<u>140,085</u>	<u>132,677</u>

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 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 18. Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit/(loss) after income tax attributable to the owners of SciDev Limited	<u>427,450</u>	<u>(191,233)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>150,540,455</u>	<u>118,065,887</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>150,540,455</u>	<u>118,065,887</u>
	Cents	Cents
Basic earnings per share	0.28	(0.16)
Diluted earnings per share	0.28	(0.16)

Note 19. Share-based payments

On 16 December 2020, SciDev Limited issued 1,408,400 performance rights under the SciDev Limited Employee Share Scheme (SESS) to Executives and staff.

SciDev Limited
Directors' declaration
31 December 2020

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 2020 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

5 February 2021
Sydney

SCIDEV LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of SciDev Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of SciDev Limited, which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration comprising SciDev Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of SciDev Limited are responsible for the preparation of the consolidated 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2020 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*. As the auditor of SciDev Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



SCIDEV LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SciDev Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 SciDev Limited 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 2020 and of 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*.

Rothsay Chartered Accountants

Frank Vrachas
Partner

Sydney, 05 February 2021