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SciDev Ltd

Interim Financial Report for Half-Year Ended 31 December 2017

SciDev Ltd
Corporate directory
31 December 2017

Directors	Trevor A Jones - Chairman Kieran G Rodgers - Managing Director Daniel J Cronin - Non-executive Director
Company secretary	Heath L Roberts
Registered office and principal place of business	Suite 105 48 Atchison Street St Leonards NSW 2065
Share register	Boardroom Pty Ltd Level 12 225 George Street Sydney NSW 2000
Auditor	Rothsay Chartered Accountants Level 1 12 O'Connell Street Sydney NSW 2000
Patent Attorney	Griffith Hack Level 29 100 Miller Street North Sydney NSW 2060
Stock exchange listing	SciDev Ltd shares are listed on the Australian Securities Exchange (ASX code: SDV) and the Deutsche Boerse (Code: INF).
Website	www.scidev.com.au
Corporate Governance Statement	www.scidev.com.au/corporate-governance

**SciDev Ltd
Directors' Report
31 December 2017**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'the Group' or the 'Consolidated Entity') consisting of SciDev Ltd (referred to hereafter as the 'Company' or the 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

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

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

Dividends

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

Review of operations

The loss for the Group during the half-year ended 31 December 2017, after providing for income tax, amounted to \$590,624 (31 December 2016: \$334,118). The Group incurred net cash outflows from operations of \$522,404 for the half-year ended 31 December 2017 (2016 – cash outflows from operations of \$209,154). At 31 December 2017, the Group had net assets of \$1,912,556 (30 June 2017 - \$2,461,700) and cash balances of \$626,596 (June 2017 - \$938,714).

The Company has two areas of activity.

Chemical Sales and Technology Deployment

During the half year, the Company continued to actively roll out its core business in Australia and embarked on an active programme to expand into the US Market.

In Australia, consistent sales to existing customers underpinned the business's performance. Additionally, a number of potential new customers and tenders across the mining, municipal and dairy sectors are expected over time to convert to contracts and underpin further growth in sales. The business faces a relatively long lead cycle / conversion time and this dynamic requires careful management from a cash flow perspective.

As an integral part of the initiative to expand its business into the US market, the Company entered Memorandums of Understanding (MOU's) with two North American based companies; Phoenix Process Equipment Co. (Phoenix) and The Seydel Companies Inc. (Seydel), to investigate joint business opportunities in the United States.

Phoenix

The Company executed an MOU with Phoenix Process Equipment Co. (Phoenix), the world's largest integrated supplier of chemicals and dewatering equipment, to investigate joint business opportunities.

SciDev and Phoenix will evaluate the opportunity for the incorporation of the Company's proprietary OptiFlox® technology into Phoenix's equipment offering, as well as assess the feasibility of a partnership to manufacture certain chemicals for de-watering operations in selected locations throughout North America using SciDev manufacturing technology.

Phoenix has an extensive range of products and has been operating for over thirty years. During this time, Phoenix has been responsible for hundreds of installations globally, including 600 alone across North America. There are also a significant number of Phoenix de-watering equipment installations throughout Australia and SciDev looks forward to progressing this agreement to drive additional sales of the OptiFlox® technology and associated chemicals.

Seydel

The Company also executed an MOU with The Seydel Companies, Inc. (Seydel). Seydel is a leading producer of chemicals essential in the textile & apparel, paper & packaging, personal care, agriculture and metalworking industries. The business has been operating for over a century.

Under the terms of the MOU, SciDev and Seydel will collaborate on a business plan to evaluate and potentially establish a facility to manufacture chemicals for wastewater treatment at Seydel's facilities in the US utilising the Company's market leading manufacturing technology.

SciDev Ltd
Directors' Report
31 December 2017

Divestment of Zeehan Project

In October 2017 the Company announced the proposed divestment of the Zeehan Project to Tartana Resources Ltd (Tartana) for cash (\$500,000) and equity (15 million shares) in Tartana. On 30 November 2017, the Company's shareholders approved the transaction.

Partial completion took place on 22 December 2017 at which time Tartana paid \$250,000 to the Company. The balance of \$250,000 is expected to be paid to the Company in the second calendar quarter of 2018. The Company has been issued part of the equity consideration for the divestment and the balance is expected to be issued at the time of ASX listing of Tartana, which is currently scheduled for April/May 2018. The Company anticipates that its shares in Tartana will be subject to a 24-month escrow period.

The Company has also secured a priority allocation of Tartana shares for the benefit of shareholders. Details of the priority allocation are yet to be finalised.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 22 January 2018, the Company announced that it had completed the sale of the Zeehan Project to Tartana Resources Ltd (Tartana). The balance of the transaction settlement requirements has now been undertaken, including the issue to the Company of 6,770,000 Tartana shares, representing 19.9% of the issued capital of Tartana. The balance of the Tartana shares to be issued to the Company, totalling 15,000,000 Tartana shares, will be issued in a tranching manner over the coming months. The first cash payment to the Company of \$250,000 was received in December 2017 (note 7) and a second cash payment of \$250,000 is expected by second quarter 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's Independence Declaration

An independence declaration from the Company's auditor, Rothsay Chartered Accountants, Sydney is included on page 16 of the financial report.

This report is made in accordance with a resolution of the Company's Directors.



Kieran Rodgers
Managing Director

27 February 2018

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

To: The Directors of SciDev Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017 there have been:

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

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 27 February 2018

SciDev Ltd
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General information

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

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

Suite 105
48 Atchison Street
St Leonards NSW 2065

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2018.

SciDev Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Revenue	4	1,020,095	972,103
Other income		11,589	13,014
Expenses			
Changes in inventories		23,908	(67,864)
Raw materials and consumables used		(574,309)	(441,836)
Employee benefits expense		(442,883)	(352,647)
Depreciation and amortisation expense		(89,010)	(63,217)
Engineering and other consultants expenses		(3,800)	(70,950)
Insurance		(11,791)	(17,895)
Listing and share registry expenses		(26,908)	(23,213)
Professional fees		(257,481)	(62,688)
Rent and related expenses		(75,478)	(60,791)
Travel, accommodation and conference		(77,332)	(46,270)
Other expenses		(88,714)	(48,034)
Finance costs		(2,581)	(11,384)
Loss before income tax (expense)/benefit		(594,695)	(281,672)
Income tax (expense)/benefit		4,071	(24,439)
Loss after income tax (expense)/benefit for the half-year		(590,624)	(306,111)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>(590,624)</u>	<u>(306,111)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		-	28,007
Owners of SciDev Ltd		(590,624)	(334,118)
		<u>(590,624)</u>	<u>(306,111)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	28,007
Owners of SciDev Ltd		(590,624)	(334,118)
		<u>(590,624)</u>	<u>(306,111)</u>
		Cents	Cents
Basic earnings per share	10	(0.12)	(0.10)
Diluted earnings per share	10	(0.12)	(0.10)

Refer to note 2 for detailed information on Restatement of comparatives.

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

SciDev Ltd
Statement of financial position
As at 31 December 2017

		Consolidated	
	Note	31 Dec 2017	30 June 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		626,596	938,714
Trade and other receivables		363,152	334,017
Inventories		255,747	231,839
Other		1,754	1,754
Total current assets		<u>1,247,249</u>	<u>1,506,324</u>
Non-current assets			
Other financial assets		2,900	2,900
Property, plant and equipment	5	236,972	291,201
Intangibles	6	1,277,873	1,279,803
Total non-current assets		<u>1,517,745</u>	<u>1,573,904</u>
Total assets		<u>2,764,994</u>	<u>3,080,228</u>
Liabilities			
Current liabilities			
Trade and other payables		369,263	358,410
Borrowings		11,590	11,957
Employee benefits		147,356	163,365
Other	7	250,000	-
Total current liabilities		<u>778,209</u>	<u>533,732</u>
Non-current liabilities			
Borrowings		26,050	32,546
Deferred tax		48,179	52,250
Total non-current liabilities		<u>74,229</u>	<u>84,796</u>
Total liabilities		<u>852,438</u>	<u>618,528</u>
Net assets		<u>1,912,556</u>	<u>2,461,700</u>
Equity			
Issued capital		73,673,290	73,673,290
Reserves		2,210,703	2,169,223
Accumulated losses		<u>(73,971,437)</u>	<u>(73,380,813)</u>
Total equity		<u>1,912,556</u>	<u>2,461,700</u>

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

SciDev Ltd
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2016	71,641,977	2,653,594	(72,698,662)	169,990	1,766,899
(Loss)/profit after income tax expense for the half-year	-	-	(334,118)	28,007	(306,111)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(334,118)	28,007	(306,111)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	494,859	-	-	-	494,859
Balance at 31 December 2016	<u>72,136,836</u>	<u>2,653,594</u>	<u>(73,032,780)</u>	<u>197,997</u>	<u>1,955,647</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2017	73,673,290	2,169,223	(73,380,813)	-	2,461,700
Loss after income tax benefit for the half-year	-	-	(590,624)	-	(590,624)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(590,624)	-	(590,624)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 11)	-	41,480	-	-	41,480
Balance at 31 December 2017	<u>73,673,290</u>	<u>2,210,703</u>	<u>(73,971,437)</u>	<u>-</u>	<u>1,912,556</u>

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

SciDev Ltd
Statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated	Consolidated
		31 Dec 2017	31 Dec 2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,102,117	935,882
Payments to suppliers and employees (inclusive of GST)		<u>(1,626,495)</u>	<u>(1,136,326)</u>
		(524,378)	(200,444)
Interest received		4,555	2,673
Interest and other finance costs paid		(2,581)	(11,384)
Income taxes refunded		<u>-</u>	<u>1</u>
Net cash (used in)/from operating activities		<u>(522,404)</u>	<u>(209,154)</u>
Cash flows from investing activities			
Zeehan Project - partial completion proceeds		250,000	-
Payments for property, plant and equipment	5	(5,063)	(66,599)
Payments for intangibles	6	<u>(27,788)</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>217,149</u>	<u>(66,599)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	507,293
Proceeds from borrowings		-	78,170
Repayment of borrowings		<u>(6,863)</u>	<u>(71,008)</u>
Net cash (used in)/from financing activities		<u>(6,863)</u>	<u>514,455</u>
Net (decrease)/increase in cash and cash equivalents		(312,118)	238,702
Cash and cash equivalents at the beginning of the financial half-year		<u>938,714</u>	<u>478,089</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>626,596</u></u>	<u><u>716,791</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 2017 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 2017 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.

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

Going concern

The Consolidated Entity generated an operating loss after income tax of \$590,624 (2016: \$334,118) and net cash outflows from operations of \$522,404 (2016: \$209,154) in the period ended 31 December 2017. At 31 December 2017 the Consolidated Entity had net assets of \$1,912,556 (30 June 2017: \$2,461,700) and cash balances of \$626,596 (30 June 2017: \$938,714).

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

- Commercialisation of the OptiFlox® System with resultant increased product sales and technology leasing fees;
- The raising sufficient capital by way of either additional debt and/or equity capital; and
- The receipt of proceeds from the sale of the Zeehan Project.

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

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

Note 2. Restatement of comparatives

Reclassification

For the period ended 31 December 2016 income from the reimbursement of expenses have been reclassified from 'Revenue' to 'Other income' in the statement of profit or loss.

The expenses in the statement of profit or loss for the period ended 31 December 2016 were not presented using a consistent classification based on either the nature of expenses or their function within the Consolidated Entity. For the period ended 31 December 2017 the Consolidated Entity has presented expenses in the statement of profit or loss based on the nature of the expense and the comparatives have been reclassified to reflect the changes in presentation.

Note 2. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

Extract	Consolidated		
	31 Dec 2016 \$ Reported	\$ Adjustment	31 Dec 2016 \$ Restated
Revenue	985,117	(13,014)	972,103
Other income	-	13,014	13,014
Expenses			
Changes in inventories	-	(67,864)	(67,864)
Raw materials and consumables used	-	(441,836)	(441,836)
Administration expense	(188,058)	188,058	-
Insurance	-	(17,895)	(17,895)
Listing and share registry expenses	-	(23,213)	(23,213)
Treatment expense	(509,700)	509,700	-
Professional fees	-	(62,688)	(62,688)
Travel, accommodation and conference	-	(46,270)	(46,270)
Other expenses	(10,042)	(37,992)	(48,034)
Loss before income tax expense	(281,672)	-	(281,672)
Income tax expense	(24,439)	-	(24,439)
Loss after income tax (expense)/benefit for the half-year	(306,111)	-	(306,111)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	<u>(306,111)</u>	<u>-</u>	<u>(306,111)</u>
Loss for the half-year is attributable to:			
Non-controlling interest	28,007	-	28,007
Owners of SciDev Ltd	(334,118)	-	(334,118)
	<u>(306,111)</u>	<u>-</u>	<u>(306,111)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest	28,007	-	28,007
Owners of SciDev Ltd	(334,118)	-	(334,118)
	<u>(306,111)</u>	<u>-</u>	<u>(306,111)</u>

Note 3. 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 water 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 performance of the operating segments, has been identified as the Board of Directors.

SciDev Ltd
Notes to the financial statements
31 December 2017

Note 4. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
<i>Sales revenue</i>		
Treatment fees and product sales	934,207	949,030
<i>Other revenue</i>		
Interest	4,555	2,673
Other revenue	81,333	20,400
	<u>85,888</u>	<u>23,073</u>
Revenue	<u><u>1,020,095</u></u>	<u><u>972,103</u></u>

Note 5. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Plant and equipment - at cost	527,967	522,904
Less: Accumulated depreciation	<u>(291,268)</u>	<u>(232,781)</u>
	<u>236,699</u>	<u>290,123</u>
Office equipment - at cost	31,028	31,028
Less: Accumulated depreciation	<u>(30,755)</u>	<u>(29,950)</u>
	<u>273</u>	<u>1,078</u>
	<u><u>236,972</u></u>	<u><u>291,201</u></u>

Reconciliations

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

Consolidated	Plant and equipment \$	Office equipment \$	Total \$
Balance at 1 July 2017	290,123	1,078	291,201
Additions	5,063	-	5,063
Depreciation expense	<u>(58,487)</u>	<u>(805)</u>	<u>(59,292)</u>
Balance at 31 December 2017	<u><u>236,699</u></u>	<u><u>273</u></u>	<u><u>236,972</u></u>

SciDev Ltd
Notes to the financial statements
31 December 2017

Note 6. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Goodwill - at cost	1,030,018	1,030,018
Trademarks and intellectual property - at cost	402,621	374,833
Less: Accumulated amortisation	<u>(154,766)</u>	<u>(125,048)</u>
	<u>247,855</u>	<u>249,785</u>
	<u><u>1,277,873</u></u>	<u><u>1,279,803</u></u>

Reconciliations

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

Consolidated	Goodwill \$	Trademarks and intellectual property \$	Total \$
Balance at 1 July 2017	1,030,018	249,785	1,279,803
Additions	-	27,788	27,788
Amortisation expense	-	<u>(29,718)</u>	<u>(29,718)</u>
Balance at 31 December 2017	<u><u>1,030,018</u></u>	<u><u>247,855</u></u>	<u><u>1,277,873</u></u>

Note 7. Current liabilities - other

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Deferred revenue - partial completion payment for the Zeehan Project	<u>250,000</u>	<u>-</u>

Note 8. Equity - dividends

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

Note 9. Events after the reporting period

On 22 January 2018, the Company announced that it had completed the sale of the Zeehan Project to Tartana Resources Ltd (Tartana). The balance of the transaction settlement requirements has now been undertaken, including the issue to the Company of 6,770,000 Tartana shares, representing 19.9% of the issued capital of Tartana. The balance of the Tartana shares to be issued to the Company, totalling 15,000,000 Tartana shares, will be issued in a tranching manner over the coming months. The first cash payment to the Company of \$250,000 was received in December 2017 (note 7) and a second cash payment of \$250,000 is expected by second quarter 2018.

No other matter or circumstance has arisen since 31 December 2017 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 Ltd
Notes to the financial statements
31 December 2017

Note 10. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Loss after income tax	(590,624)	(306,111)
Non-controlling interest	-	(28,007)
	<u>(590,624)</u>	<u>(334,118)</u>
Loss after income tax attributable to the owners of SciDev Ltd		
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>494,818,673</u>	<u>334,118,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>494,818,673</u>	<u>334,118,000</u>
	Cents	Cents
Basic earnings per share	(0.12)	(0.10)
Diluted earnings per share	(0.12)	(0.10)

Note 11. Share-based payments

On 14 August 2017, the Company issued 6.5 million unquoted options to executives and staff (not Directors). The options were granted under the SciDev Ltd Employee Share Scheme. 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.

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.

SciDev Ltd
Directors' declaration
31 December 2017

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 2017 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



Kieran G Rodgers
Managing Director

27 February 2018
Sydney

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 2017, 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 of the consolidated entity (or "Group") 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 the company 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 2017 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.

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:

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss from operations of \$590,624 (2016: \$306,111) and net operating cash outflows of \$522,404 (2016: \$209,154) for the half-year ended 31 December 2017. This condition, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 27 February 2018