Synertec Corporation Limited
(formerly known as SML Corporation Limited)

ARBN 161 803 032

ASX Listing Rule 4.2A.3
Appendix 4D Statement

Preliminary Final Report

For the Half-Year Ended
31 December 2017

Current Reporting Period: Half Year Ended 31 December 2017
Previous Corresponding Period: Half Year Ended 31 December 2016

Synertec Corporation Limited
Appendix 4D Statement
Half-Year Ended 31 December 2017

1. Company details

Name of entity:	Synertec Corporation Limited
ARBN:	161 803 032
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016 (R*efer Comments below*)

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2. Results for announcement to the market

	HY 31 Dec 2017	HY 31 Dec 2016	Up/Down	Change	Change
	$	$		$	%
Revenues from ordinary activities	4,684,276	9,056,455	Down	(4,372,179)	(48.28)%
Loss from ordinary activities after tax attributable to the owners of Synertec Corporation Limited	(8,178,256)	930,980	Down	(9,109,236)	(978.46)%
Loss for the period attributable to the owners of Synertec Corporation Limited	(8,178,256)	930,980	Down	(9,109,236)	(978.46)%

Comments – Control gained over entities, basis of preparation and comparative information

Synertec Corporation Limited (formerly SML Corporation Limited) completed the acquisition of Synertec Pty Ltd on 8 August 2017. As a result of the acquisition, the former shareholders of Synertec Pty Ltd effectively obtained control of the combined entity. Accordingly, under the principles of the International Financial Reporting Standard IFRS 3 'Business Combinations', Synertec Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a reverse acquisition by which Synertec Pty Ltd acquired the net assets and listing status of Synertec Corporation Limited.

Accordingly, the consolidated financial statements of Synertec Corporation Limited have been prepared as a continuation of the business and operations of Synertec Pty Ltd. As the deemed acquirer, Synertec Pty Ltd has accounted for the acquisition of Synertec Corporation Limited from 8 August 2017.

The comparative information for the six-month period ended 31 December 2016 and the statement of financial position as at 30 June 2017 presented in the consolidated financial statements are that of Synertec Pty Ltd. Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures. Most of the accounting policies have changed from those of Synertec Corporation Limited previously to those of Synertec Pty Ltd. Refer to the interim financial report for the half year ended 31 December 2017 for more information.

Dividends

No dividends were declared, paid or recommended in respect of the current period (prior comparative period: nil).

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the half-year ended 31 December 2017	-	-

Synertec Corporation Limited
Appendix 4D Statement
Half-Year Ended 31 December 2017

Comments – Review of operations

Continuing operations

The Revenue of the Group for the half-year period ending 31 December 2017 was $4,684,276 (31 December 2016: $9,056,455), which constitutes mainly revenue produced by wholly-owned subsidiary, Synertec Pty Ltd, on both ongoing and new projects during the period. Revenues in 1H FY18 declined from prior comparative period mainly due to customers delaying project awards. Revenue was also impacted by some key projects completing or moving into construction throughout calendar 2017. Revenue for the period ended 31 December 2016 reflected particularly strong performance with major cornerstone projects in LNG custody transfer being delivered and commissioned at the Wheatstone and Gorgon LNG plants in Western Australia.

Gross profit margins remained strong and the company has continued to control overheads. During the period, the business has further developed expertise in its specialist areas, while strategically configuring its workforce and systems for execution of its growing pipeline of opportunities and work in hand.

The result from Operations before Tax and one-off Listing Expenses and Corporate Transaction Costs was a net loss of $24,921 (31 December 2016: Profit of $1,616,931). The Corporate Transaction Costs include legal and professional fees associated with the acquisition by Synertec Corporation Limited of Synertec Pty Ltd.

The net loss after tax of the Group from its continuing operations for the period was $4,850,743 (31 December 2016: net profit of $930,980). This result includes significant costs associated with the acquisition and ASX listing process described above. Major costs related to the transaction during the period include a deemed Listing Expense of $4,722,112.

Discontinued operations

Further to the Synertec Corporation Limited announcement on 22 September 2017, whereby the Company completed the sale of 100% of the issued shares in its subsidiary, Australian Gold Mines Pty Ltd (which owns all the shares in Mt Wills Gold Mines Pty Ltd, the holder of the mining assets) and an immaterial related parcel of land under a Contract for the Sale ("Mining Assets") as intended, the Company announced on 23 December 2017 that all sale warranties were completed.

The Mining Assets were sold for $3.5 million and net proceeds of $3.6 million were distributed to eligible Redemption Note holders on 15 January 2018 (refer to Note 13 of the Financial Statements). The Sale of the Mining Assets resulted in a loss on sale of those assets of $3.2 million, recognised in the result from Discontinuing operations.

In determining the Net Sale Proceeds, all direct costs and taxes payable have been deducted from the gross sale proceeds. The Company was able to obtain a refund of some tenement rental costs from Government authorities and a refund of a bank deposit placed in support of a tenement bond. There was also bank interest earned on the cash consideration placed as a term deposit. As a result, the Net Sale Proceeds exceeded the cash consideration received for the Mining Assets.

Upon completion of the warranties and determining the Net Sale Proceeds for the sale of the Mining Assets in December 2017, a loss on sale of the Mining Assets of $3.2 million was calculated and recognised in the financial statements of Synertec Corporation Limited as at 31 December 2017 as a loss from discontinued operations. At the same time, a liability to return this capital to Redemption Note holders was also recognised.

Net operating costs from mining subsidiaries of $90,399 has been included in the loss from Discontinuing operations. These costs relate to the Sale of Mining Assets, execution of Redemption Note obligations and winding down of the mining subsidiaries. Therefore, total loss from discontinued operations was $3,327,513 (31 December 2016: Profit of $930,980).

Summary of results:

	In Australian dollars	
	31 Dec 2017	**31 Dec 2016**
(Loss)/profit before tax and corporate transaction costs	**(24,921)**	**1,616,931**
Corporate transaction costs	(47,414)	(277,830)
Income tax expense	(56,296)	(408,121)
(Loss)/profit from operations	**(128,631)**	**930,980**
Listing expense	(4,722,112)	-
(Loss)/profit for the period from continuing operations	**(4,850,743)**	**930,980**
Loss from discontinued operations	**(3,327,513)**	-
Total comprehensive income for the half-year	**(8,178,256)**	**930,980**

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.03	0.08

4. Control gained over entities

Refer Comments in Section 2 of this Statement.

5. Loss of control over entities

Refer Comments in Section 2 of this Statement.

6. Details of associates and joint venture entities

Not applicable.

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
There are no associates or joint venture entities.	-	-	-	-

7. Audit qualification or review

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

This Statement is based on the consolidated financial statements which were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Synertec Corporation Limited for the half-year ended 31 December 2017 is attached.

9. Signed

Date: 27 February 2018

Michael Carroll
Managing Director
Melbourne

Synertec Corporation Limited
(formerly known as SML Corporation Limited)
ARBN 161 803 032

Interim Financial Report
For Financial Half-Year Ended 31 December 2017

Synertec Corporation Limited

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For the period ended 31 December 2017

Corporate Directory

Directors	Ms. Leeanne Bond (Chairperson) Mr. Michael Carroll (Managing Director) Mr. Kiat Poh (Non-executive Director) Mr. Kim Chuan Freddie Heng (Non-executive Director)
Corporate Secretary	Andrew Metcalfe Accosec Pty Ltd Suite 3, Level 2 470 Collins Street Melbourne VIC 3000
Principal registered office in Bermuda	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Registered agent office in Australia	Synertec Pty Ltd Level 1, 57 Stewart Street Richmond, VIC 3121 Australia Telephone: +(61 3) 9274 3000
Share registry	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney, NSW 2000 Australia Telephone: 1300 737 760 (within Australia) +(61 2) 9290 9600 (outside Australia) Facsimile: +(61 2) 9290 9655
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 1 727 Collins Street Melbourne VIC 3008
Stock exchange listing	Synertec Corporation Limited (formerly known as SML Corporation Limited) shares are listed on the Australian Securities Exchange ASX Code: SOP (fully paid ordinary shares)
Website address	www.synertec.com.au

Synertec Corporation Limited
Directors' Report
31 December 2017

The Directors present their report together with the financial statements of the consolidated entity for the half-year ended 31 December 2017.

1. Directors

The following persons were directors of Synertec Corporation Limited during the whole of the financial half-year and up to the date of this report:

Mr. Kiat Poh
Mr. Kim Chuan Freddie Heng
Mr. Shaw Pao Sze (resigned 08.08.2017)
Mr. Furang Li (resigned 08.08.2017)
Mr. Michael Carroll (appointed 08.08.2017)
Ms. Leeanne Bond (appointed 08.08.2017)

2. Significant changes in the state of affairs - Reverse acquisition

Synertec Corporation Limited (formerly SML Corporation Limited) completed the acquisition of Synertec Pty Ltd on 8 August 2017. As a result of the acquisition, the former shareholders of Synertec Pty Ltd effectively obtained control of the combined entity. Accordingly, under the principles of the International Financial Reporting Standard (IFRS) IFRS 3 'Business Combinations', Synertec Pty Ltd was deemed to be the accounting acquirer in this transaction.

The acquisition has been accounted for as a reverse acquisition by which Synertec Pty Ltd acquired the net assets and listing status of Synertec Corporation Limited. For accounting purposes, the acquisition has been treated as a share-based payment using the reverse acquisition principles of the business combination accounting standard. Accordingly, the consolidated financial statements of Synertec Corporation Limited have been prepared as a continuation of the consolidated financial statements of Synertec Pty Ltd. Refer to Financial Statements Note 15 'Acquisition Accounting'.

3. Review of operations and results of those operations

Commentary on operating results

Continuing operations

The Revenue of the Group for the half-year period ending 31 December 2017 was $4,684,276 (31 December 2016: $9,056,455), which constitutes mainly revenue produced by wholly-owned subsidiary, Synertec Pty Ltd, on both ongoing and new projects during the period. Revenues in 1H FY18 declined from prior comparative period mainly due to customers delaying project awards. Revenue was also impacted by some key projects completing or moving into construction throughout calendar 2017. Revenue for the period ended 31 December 2016 reflected particularly strong performance with major cornerstone projects in LNG custody transfer being delivered and commissioned at the Wheatstone and Gorgon LNG plants in Western Australia.

Gross profit margins remained strong and the company has continued to control overheads. During the period, the business has further developed expertise in its specialist areas, while strategically configuring its workforce and systems for execution of its growing pipeline of opportunities and work in hand.

The result from Operations before Tax and one-off Listing Expenses and Corporate Transaction Costs was a net loss of $24,921 (31 December 2016: Profit of $1,616,931) as shown below.

The Corporate Transaction Costs include legal and professional fees associated with the acquisition by Synertec Corporation Limited (formerly SML Corporation Limited) of Synertec Pty Ltd.

Continuing operations	**31 Dec 2017**	**31 Dec 2016**
Result from Operating Activities before Tax	(72,335)	1,339,101
Corporate Transaction Costs	47,414	277,830
Result from Operating Activities before Tax and Corporate Transaction Costs	(24,921)	1,616,931

3. Review of operations and results of those operations (continued)

Commentary on operating results (continued)

Continuing operations (continued)

The net loss after tax of the Group from its continuing operations for the period was $4,850,743 (31 December 2016: net profit of $930,980). This result includes significant costs associated with the acquisition and ASX listing process described above. Major costs related to the transaction during the period include a deemed Listing Expense of $4,722,112 (refer to Financial Statements Note 15 ' Acquisition Accounting') which is included in this result.

Discontinuing operations

Further to the Synertec Corporation Limited announcement on 22 September 2017, whereby the Company completed the sale of 100% of the issued shares in its subsidiary, Australian Gold Mines Pty Ltd (which owns all the shares in Mt Wills Gold Mines Pty Ltd, the holder of the mining assets) and an immaterial related parcel of land under a Contract for the Sale ("Mining Assets") as intended, the Company announced on 23 December 2017 that all sale warranties were completed.

The Mining Assets were sold for $3.5 million and net proceeds of $3.6 million were distributed to eligible Redemption Note holders on 15 January 2018 (refer to Note 13 of the Financial Statements). The Sale of the Mining Assets resulted in a loss on sale of those assets of $3.2 million, which is recognised in the result from Discontinuing operations.

Net operating costs from mining subsidiaries of $90,399 has also been included in the loss from Discontinuing operations. These costs relate to the Sale of Mining Assets, execution of Redemption Note obligations and winding down of the mining subsidiaries. Refer to Financial Statements Note 13 'Discontinued Operations'.

4. Litigation

There has been no litigation in the half-year period and to the best of the Directors' knowledge there are no circumstances that would give rise to any potential litigation relating to this same period.

5. Dividends

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

6. Subsequent events

As noted above, on 15 January 2018, the Company completed the distribution of net proceeds from the sale of Mining Assets to Redemption Note holders.

An amount equal to the Net Sale Proceeds of the sale of the Mining Assets was distributed to those shareholders of the Company who were registered in the Company's register of shareholders as a holder of shares in the Company as at 5.00pm (AEST) on 26 June 2017 (Eligible Shareholders); such distribution was made to Eligible Shareholders on a pro rata basis via the Redemption Notes issued to them by the Company. The net sale proceeds payable for each Redemption Note was determined by dividing the net sale proceeds by the number of Redemption Notes issued.

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

7. Officers of the Company who are former audit partners of auditor

There are no officers of the Company who are former audit partners of Grant Thornton Audit Pty Ltd.

8. Auditor

Grant Thornton Audit Pty Ltd continues in office.

This report is made in accordance with a resolution of directors.

On behalf of the Directors,
Michael Carroll
Managing Director
Melbourne
27 February 2018

Synertec Corporation Limited (formerly known as SML Corporation Limited)

Consolidated Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2017

In Australian dollars	***Note***	**31 Dec 2017**	**31 Dec 2016**
Continuing operations			
Revenue			
Revenue	*4*	4,684,276	9,056,455
Other income	*5*	3,872	-
Profit on disposal of motor vehicles		-	4,713
Expenses			
Materials and service expense		(1,381,556)	(4,216,045)
Employee benefits expense		(2,566,317)	(2,561,475)
Superannuation expense		(207,004)	(203,021)
Depreciation and amortisation expense		(41,721)	(46,116)
Occupancy expenses		(115,986)	(80,952)
Telecommunication costs		(61,358)	(70,731)
Legal and professional fees		(181,328)	(14,463)
Other expenses		(194,960)	(214,663)
Corporate transaction costs		(47,414)	(277,830)
Results from operating activities		**(109,496)**	**1,375,872**
Finance income		53,794	16,178
Finance costs		(16,633)	(52,949)
Net finance income/(costs)		**37,161**	**(36,771)**
(Loss)/profit before tax		**(72,335)**	**1,339,101**
Income tax expense		(56,296)	(408,121)
(Loss)/profit from operations		**(128,631)**	**930,980**
Listing expense	*15*	(4,722,112)	**-**
(Loss)/profit for the period from continuing operations		**(4,850,743)**	**930,980**
Discontinuing operations			
Loss from discontinued operations	*13*	(3,327,513)	**-**
Other comprehensive income for the half-year, net of tax		**-**	**-**
Total comprehensive income for the half-year		**(8,178,256)**	**930,980**
Earnings per share			
Basic (loss)/earnings per share - from continuing operations	*11*	(2.53)	1.15
Diluted (loss)/earnings per share - from continuing operations	*11*	(2.53)	1.15

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

Synertec Corporation Limited (formerly known as SML Corporation Limited)
Consolidated Statement of financial position
As at 31 December 2017

In Australian dollars	***Note***	**31 Dec 2017**	**30 Jun 2017**
Assets			
Cash and cash equivalents		7,487,266	2,956,694
Trade and other receivables	*6*	1,294,660	2,661,953
Other assets	*7*	184,149	1,443,971
Work in progress		1,297,621	967,448
Current tax assets		97,687	-
Total current assets		**10,361,383**	**8,030,066**
Non-current assets			
Net deferred tax assets		274,646	330,228
Other assets	*7*	414,552	674,576
Property, plant and equipment	*8*	338,166	369,249
Total non-current assets		**1,027,364**	**1,374,053**
Total assets		**11,388,747**	**9,404,119**
Liabilities			
Trade and other payables	*9*	798,235	1,373,002
Current tax liability		-	402,932
Loans and borrowings		-	17,569
Payable to Redemption Note Holders	*10*	3,581,500	-
Employee benefits		464,770	476,360
Deferred income		854,023	290,413
Total current liabilities		**5,698,528**	**2,560,276**
Non-current liabilities			
Employee benefits		67,859	61,080
Total non-current liabilities		**67,859**	**61,080**
Total liabilities		**5,766,387**	**2,621,356**
Net assets		**5,622,360**	**6,782,763**
Equity			
Issued capital	*10*	641,113	950
Other contributed equity		-	132,904
Retained earnings		4,981,247	6,648,909
		5,622,360	**6,782,763**
Total equity		**5,622,360**	**6,782,763**

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

Synertec Corporation Limited (formerly known as SML Corporation Limited)

Consolidated Statement of changes in equity

For the half-year ended 31 December 2017

In Australian dollars	***Note***	**Issued capital**	**Other contributed equity**	**Retained earnings**	**Total**
		$	**$**	**$**	**$**
Balance at 1 Jul 2016		950	132,904	5,710,014	5,843,868
Profit for the half-year		-	-	930,980	930,980
Other comprehensive income		-	-	-	-
Total comprehensive income		**-**	**-**	**930,980**	**930,980**
Balance at 31 December 2016		**950**	**132,904**	**6,640,994**	**6,774,848**
Balance at 1 Jul 2017		950	132,904	6,648,909	6,782,763
Loss for the half-year		-	-	(8,178,256)	(8,178,256)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(8,178,256)	(8,178,256)
Issue of share capital to the Vendors for the acquisition of Synertec Pty Ltd		3,235,194	-	-	3,235,194
Shares issued pursuant to the Share Offer		750,000	-	-	750,000
Shares issued pursuant to Advisor for the acquisition		650,000	-	-	650,000
Capital raising costs		(413,531)	-	-	(413,531)
Net proceeds payable to Redemption Note holders from Sale of Mining Assets	*10*	(3,581,500)	-	-	(3,581,500)
Consolidation of reserves and equity		-	(132,904)	6,510,594	6,377,690
Balance at 31 December 2017		**641,113**	**-**	**4,981,247**	**5,622,360**

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

Synertec Corporation Limited (formerly known as SML Corporation Limited)
Consolidated Statement of cash flows
For the half-year ended 31 December 2017

In Australian dollars	***Note***	**31 Dec 2017**	**31 Dec 2016**
Cash flows from operating activities			
Cash receipts from customers		7,117,380	11,320,239
Cash paid to suppliers and employees		(6,293,523)	(9,797,564)
Cash generated from operations		823,857	1,522,675
Interest paid		-	(31,190)
Interest received		73,367	4,500
Income taxes paid		(501,332)	-
Net cash from operating activities		**395,892**	**1,495,985**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	23,635
Proceeds from financial assets		260,024	-
Allocation of funds to term deposit		-	(50,000)
Tenement rent refunded		118,379	-
Proceeds from disposal of discontinued operations	*13*	3,500,000	-
Acquisition of property, plant and equipment		(10,638)	(77,026)
Net cash from investing activities		**3,867,765**	**(103,391)**
Cash flows from/(used in) financing activities			
Loans provided to directors/related parties		(231,659)	(673,537)
Payment of finance lease liabilities		(17,569)	(9,501)
Net cash used in financing activities		**(249,228)**	**(683,038)**
Net increase in cash and cash equivalents		**4,014,429**	**709,556**
Cash and cash equivalent at beginning of the half-year		3,472,837	5,028,289
Cash and cash equivalents at end of the half-year		**7,487,266**	**5,737,845**

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

1. General information

The financial statements cover Synertec Corporation Limited (formerly known as SML Corporation Limited) as a consolidated entity consisting of Synertec Corporation Limited (referred as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017. The financial statements are presented in Australian dollars, which is Synertec Corporation Limited's functional and presentation currency.

Synertec Corporation Limited is a listed public Company limited by shares, incorporated in Bermuda.

Its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Its registered office in Australia is Level 1, 57 Stewart Street, Richmond, VIC 3121, Australia.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2018.

Reverse Acquisition/Share-based payment

On 8 August 2017, Synertec Corporation Limited (formerly known as SML Corporation Limited) acquired 100% of the issued shares of Synertec Pty Ltd. As a result of the acquisition, the former shareholders of Synertec Pty Ltd effectively obtained control of the combined entity. At the date of the transaction, it was determined that Synertec Corporation Limited was not a business. For accounting purposes, the acquisition has been treated as a share-based payment using the reverse acquisition principles of the business combination Accounting Standard. Accordingly, the consolidated financial statements of Synertec Corporation Limited have been prepared as a continuation of the consolidated financial statements of Synertec Pty Ltd. Refer to Note 2 for further details on basis of preparation.

2. Significant Accounting policies

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended 31 December 2017. They have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (IAS 34). They do not include all of the information required in annual financial statements in accordance with IFRSs. Accordingly, these financial statements are to be read in conjunction with the annual reports of Synertec Corporation Limited (formerly SML Corporation Limited) and the annual financial report of Synertec Pty Ltd for the year ended 30 June 2017, as well as any public announcements made by the Company during the interim reporting period.

Most of the accounting policies have changed from those of Synertec Corporation Limited previously to those of Synertec Pty Ltd. These are included below.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

2. Significant accounting policies (continued)

Basis of preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC Interpretations, and other authoritative pronouncements of the International Accounting Standards Board (IASB). Synertec Corporation Limited ("the Company") is a for-profit entity for the purpose of preparing the financial statements. These financial statements have been prepared on an accrual basis and are based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Acquisition of Synertec Pty Ltd

Synertec Corporation Limited (formerly SML Corporation Limited) completed the acquisition of Synertec Pty Ltd on 8 August 2017. As a result of the acquisition, the former shareholders of Synertec Pty Ltd effectively obtained control of the combined entity. Accordingly, under the principles of IFRS 3 'Business Combinations', Synertec Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a reverse acquisition by which Synertec Pty Ltd acquired the net assets and listing status of Synertec Corporation Limited. Accordingly, the consolidated financial statements of Synertec Corporation Limited have been prepared as a continuation of the business and operations of Synertec Pty Ltd.

As the deemed acquirer, Synertec Pty Ltd has accounted for the acquisition of Synertec Corporation Limited from 8 August 2017. The comparative information for the 6 months ended 31 December 2016 and the statement of financial position at 30 June 2017 presented in the consolidated financial statements are that of Synertec Pty Ltd. Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

The excess of the fair value of Synertec Corporation Limited's shares over the fair value of its net assets (excluding the Mining Assets - refer Notes 13 and 14) at the acquisition date has been recognised as a listing expense.

Income taxes

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

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates items recognised directly in equity or in other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Significant accounting policies (continued)

Income taxes (continued)

Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

The Group has not implemented the tax consolidation legislation.

Cash and cash equivalents

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

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

• motor vehicles	10 years
• furniture and equipment	16 years
• computers	3 years

In the case of leasehold improvements, expected useful lives are determined by reference to comparable owned assets or over the term of the lease if shorter.

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

2. Significant accounting policies (continued)

Leases

Determining whether an arrangement is a lease

At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight line basis over the term of the lease.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

Financial instruments

The Group does not hold derivative financial assets. Where required the Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, and loans and receivables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

2. Significant accounting policies (continued)

Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

2. Significant accounting policies (continued)

Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security.

(ii) Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than stock on hand and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

2. Significant accounting policies (continued)

Impairment (continued)

(iii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using corporate bond rates. Remeasurements are recognised in profit or loss in the period in which they arise.

Revenue and other income

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

Synertec Pty Ltd is involved in providing consulting engineering services on hourly rate, and also fixed rate projects where billing is made on pre-determined project milestones. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Synertec Pty Ltd recognises revenue from fixed price projects in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed. The revenue that is accrued but not yet invoiced is included as work in progress.

Contract revenue includes the initial amount agreed in the contract plus any variations, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

2. Significant accounting policies (continued)

Revenue and other income (continued)

Advance receipts

Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred income/revenue in the statement of financial position. Advances received from customers are presented as deferred income/revenue in the statement of financial position.

Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rates at the dates of the transactions (spot exchange rate).

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognised as finance cost.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow is remote in which case, no liability is recognised.

2. Significant accounting policies (continued)

Going concern

In preparing the financial statements, the Directors have made an assessment of the ability of the Group to continue as a going concern. In considering their position, the Directors have had regard to the current cash reserves, the level of forecast cash expenditure and the likelihood of being able to raise funds in future, should the need arise. The Directors have concluded there are reasonable grounds to believe the Company is a going concern and will be able to continue pay its debts as and when they become due and payable.

The Company experienced operating losses of $128,631 during the half year ended 31 December 2017 and has cash reserves of $7,487,266 as at 31 December 2017. The working capital position as at 31 December 2017 of the consolidated entity results in an excess of current assets over current liabilities of $4,662,855 (30 June 2017: $5,469,790).

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 International Accounting Standards Board (IASB) 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.

3. Operating Segments

The Company has a single reportable segment in which it operates, being engineering services, and this is based on information that is internally provided to the Chief Operating Decision Makers ("CODM') for assessing performance and making operating decisions. Therefore, no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. The Company is domiciled in Australia.

The demand for engineering services is not subject to seasonal fluctuations.

4. Revenue

In Australian dollars	***Note***	**31 Dec 2017**	**31 Dec 2016**
Rendering of services		2,044,841	1,129,343
Fixed price projects		2,639,435	7,927,112
		4,684,276	**9,056,455**

5. Other income

In Australian dollars	***Note***	**31 Dec 2017**	**31 Dec 2016**
Other		3,872	-
		3,872	**-**

6. Trade and other receivables

Current

In Australian dollars	***Note***	**31 Dec 2017**	**30 June 2017**
Sundry debtors		1,341	-
Trade receivables		1,293,319	2,661,953
Current		**1,294,660**	**2,661,953**

7. Other assets

Current

In Australian dollars	***Note***	**31 Dec 2017**	**30 June 2017**
Amounts due from related parties		-	30,021
Amounts due from directors		-	1,288,778
Prepayments		135,977	71,168
Deposits		32,440	24,242
Stock on hand		12,262	12,262
Other receivables		3,470	17,500
Current		**184,149**	**1,443,971**

Non-Current

In Australian dollars	***Note***	**31 Dec 2017**	**30 June 2017**
ANZ term deposits		414,552	409,777
EFIC deposits		-	264,799
Non-current		**414,552**	**674,576**

ANZ term deposits are held as security for the bank guarantee facility with ANZ.

8. Property, plant and equipment

In Australian dollars	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	TOTAL
Cost					
Balance at 1 July 2016	397,750	116,247	21,157	333,009	868,163
Additons	27,549	686	-	111,047	139,282
Disposals	-	-	-	(67,095)	(67,095)
Balance at 30 June 2017	**425,299**	**116,933**	**21,157**	**376,961**	**940,350**
Balance at 1 July 2017	425,299	116,933	21,157	376,961	940,350
Additons	8,952	1,686	-	-	10,638
Disposals	-	-	-	-	-
Balance at 31 December 2017	**434,251**	**118,619**	**21,157**	**376,961**	**950,988**

	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	TOTAL
Accumulated depreciation					
Balance at 1 July 2016	315,960	78,317	17,987	103,327	515,591
Disposals	-	-	-	(43,210)	(43,210)
Depreciation expense	43,249	6,872	634	47,965	98,720
Balance at 30 June 2017	**359,209**	**85,189**	**18,621**	**108,082**	**571,101**
Balance at 1 July 2017	359,209	85,189	18,621	108,082	571,101
Disposals	-	-	-	-	-
Depreciation expense	14,953	3,478	256	23,034	41,721
Balance at 31 December 2017	**374,162**	**88,667**	**18,877**	**131,116**	**612,822**
Carrying amounts					
at 1 July 2016	**81,790**	**37,930**	**3,170**	**229,682**	**352,572**
at 30 June 2017	**66,090**	**31,744**	**2,536**	**268,879**	**369,249**
at 1 July 2017	**66,090**	**31,744**	**2,536**	**268,879**	**369,249**
at 31 December 2017	**60,089**	**29,952**	**2,280**	**245,845**	**338,166**

9. Trade and other payables

In Australian dollars	***Note***	**31 Dec 2017**	**30 June 2017**
Trade payables		193,667	118,937
Other payables		485,559	527,419
Fixed price project accruals		119,009	726,646
Current		**798,235**	**1,373,002**

10. Issued capital

	31 Dec 2017 Shares	**30 June 2017 Shares**	**31 Dec 2017 $**	**30 June 2017 $**
Ordinary shares - fully paid	220,701,277	950	641,113	950
	220,701,277	**950**	**641,113**	**950**

Movement in ordinary share capital - fully paid

Details	**Date**	**Shares**	**Issue price**	**$**
Fully paid ordinary share capital of Synertec Corporation Limited (formerly SML Corporation Limited)	01-Jul-17	107,839,799		108,051
Completion of Synertec Corporation Ltd capital consolidation - 107,839,799 shares (4 shares into 3)	08-Aug-17	80,879,849	-	108,051
Acquisition of Synertec Pty Ltd	08-Aug-17	-	-	950
Elimination of Synertec Corporation Ltd issued capital upon completion	08-Aug-17	-	-	(108,051)
Issue of Ordinary shares to the Vendors (shareholders of Synertec Pty Ltd) for the acquisition of Synertec Corporation Limited	08-Aug-17	107,142,857	0.0302	3,235,194
Issue of Ordinary shares to Advisor for the acquisition of Synertec Corporation Limited	08-Aug-17	13,928,571	0.0467	650,000
Proceeds from shares issued under the Public Offer	08-Aug-17	18,750,000	0.0400	750,000
Transaction costs associated with issuing shares	08-Aug-17	-	-	(413,531)
Net proceeds payable to Redemption Note holders from Sale of Mining Assets (refer Note 13)	22-Sep-17	-	-	(3,581,500)
Balance	31-Dec-17	220,701,277		641,113

Dividends

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

11. Earnings per share (from continuing operations)

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the half-year ended 31 December 2017 has been calculated as:

(a) the weighted average number of ordinary shares of Synertec Pty Ltd outstanding during the period before acquisition multiplied by the exchange ratio established in the acquisition accounting, and

(b) the actual number of ordinary shares of Synertec Corporation Limited outstanding during the period after acquisition.

The basic earnings per share for the comparative period before the acquisition date presented in the consolidated statements following a reverse acquisition is calculated by dividing (a) by (b):

(a) the profit or loss of Synertec Corporation Limited attributable to ordinary equity holders of the Company in the period.

(b) Synertec Corporation Limited's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition accounting.

In accordance with IAS 33 'Earnings Per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account for the half-year ended 31 December 2017.

In Australian dollars	**31 Dec 2017**	**31 Dec 2016**
Earnings per share from continuing operations		
(Loss)/profit after income tax	(4,850,743)	930,980
Weighted average number of ordinary shares used in calculating basic earnings per share	191,825,113	80,879,849
Weighted average number of ordinary shares used in calculating diluted earnings per share	191,825,113	80,879,849
Basic (loss)/earnings per share (cents per share)	(2.53)	1.15
Diluted (loss)/earnings per share (cents per share)	(2.53)	1.15

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

12. Contingent liabilities

The consolidated entity does not have any contingent liabilities at reporting date.

13. Discontinued operations

Further to the Synertec Corporation Ltd announcement on 22 September 2017, whereby the Company completed the sale of 100% of the issued shares in its subsidiary, Australian Gold Mines Pty Ltd (which owns all the shares in Mt Wills Gold Mines Pty Ltd, the holder of the mining assets) and an immaterial related parcel of land under a Contract for the Sale ("Mining Assets") as intended, the Company announced on 23 December 2017 that all warranties were completed.

The Mining Assets were sold for $3.5 million and net proceeds of $3.6 million were distributed to Redemption Note holders (in accordance with the former Prospectus dated 23 June 2017 - refer also to Note 14) on 15 January 2018. The Sale of the Mining Assets resulted in a loss on sale of those assets of $3.2 million, recognised as the result from Discontinuing operations.

In determining the Net Sale Proceeds, all direct costs and taxes payable have been deducted from the gross sale proceeds. The Company was able to obtain a refund of some tenement rental costs from Government authorities and a refund of a bank deposit placed in support of a tenement bond. There was also bank interest earned on the cash consideration placed as a term deposit. As a result, the Net Sale Proceeds exceeded the cash consideration received for the Mining Assets.

Upon completion of the warranties and determining the Net Sale Proceeds for the sale of the Mining Assets in December 2017, a loss on sale of the Mining Assets of $3.2 million was calculated and recognised in the financial statements of Synertec Corporation Limited as at 31 December 2017 as a loss from discontinued operations. At the same time, a liability to return this capital to Redemption Note holders was also recognised.

Net operating costs from mining subsidiaries of $90,399 has been included in the loss from Discontinuing operations. These costs relate to the Sale of Mining Assets, execution of Redemption Note obligations and winding down of the mining subsidiaries.

	$
Net operating costs from mining subsidiaries	90,399
Loss on disposal of Mining Assets	3,237,114
Net Loss from Discontinued operations	**3,327,513**

14. Subsequent events

As noted above, on 15 January 2018, the Company completed the distribution of net proceeds from the sale of Mining Assets to Redemption Note holders.

An amount equal to the Net Sale Proceeds of the sale of the Mining Assets was distributed to those shareholders of the Company who were registered in the Company's register of shareholders as a holder of shares in the Company as at 5.00pm (AEST) on 26 June 2017 (Eligible Shareholders); such distribution was made to Eligible Shareholders on a pro rata basis via the Redemption Notes issued to them by the Company. The net sale proceeds payable for each Redemption Note was determined by dividing the net sale proceeds by the number of Redemption Notes issued.

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

15. Acquisition Accounting

On 8 August 2017, Synertec Corporation Limited (formerly known as SML Corporation Limited) acquired 100% of the issued shares of Synertec Pty Ltd. As a result of the acquisition, the former shareholders of Synertec Pty Ltd effectively obtained control of the combined entity. At the date of the transaction, it was determined that Synertec Corporation Limited was not a business. For accounting purposes, the acquisition has been treated as a share-based payment using the reverse acquisition principles of the business combination accounting standard. Accordingly, the consolidated financial statements of Synertec Corporation Limited have been prepared as a continuation of the consolidated financial statements of Synertec Pty Ltd.

As the deemed acquirer, Synertec Pty Ltd has accounted for the acquisition of Synertec Corporation Limited from 8 August 2017. The comparative information for the 6 months ended 31 December 2016 and the statement of financial position at 30 June 2017 presented in the consolidated financial statements are that of Synertec Pty Ltd. Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

The excess of the fair value of Synertec Corporation Limited's shares over the fair value of its net assets (excluding the Mining Assets - refer Notes 13 and 14) at the acquisition date has been recognised as a listing expense.

Under the acquisition, Synertec Corporation Limited (formerly SML Corporation Limited) acquired all the shares in Synertec Pty Ltd by issuing 107,142,857 shares in Synertec Corporation Limited and paying $5.0 million to the Synertec Pty Ltd shareholders.

The value of the Synertec Corporation Limited shares provided was determined by reference to the capital raising offer price, which was deemed to be $3.2 million (calculated as 80,879,849 existing shares at the share offer price of $0.04 each in the public Share Offer).

The pre-acquisition equity balances of Synertec Corporation Limited were eliminated against the increase in share capital upon consolidation and the balance deemed to be the amount paid for the ASX listing status of Synertec Corporation Limited, being $4.7 million.

15. Acquisition Accounting (continued)

The net assets acquired and the amount recognised as an ASX listing expense, are as follows:

In Australian dollars	**Acquiree's carrying value before acquisition $**
Net assets acquired	
Cash and cash equivalents	4,162,547
Trade and other receivables	5,049
Other assets	2,704
Assets held for sale	6,855,238
Trade and other payables	(7,218)
	11,018,320
Sale of the Mining Assets	(6,855,238)
Cash consideration to Synertec Pty Ltd	(5,000,000)
Net asset deficiency acquired	**(836,918)**
Fair value of Synertec Corporation Limited consideration shares	3,235,194
Net asset deficiency	836,918
	4,072,112
Corporate advisory fees (shares issued in lieu)	650,000
Amount recognised as ASX listing expense upon acquisition	**4,722,112**

In the Directors' opinion:

1. The attached financial statements and notes comply with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'; as appropriate for for-profit oriented entities.

2. 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

3. 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 the Directors.

On behalf of the Directors

Michael Carroll
Managing Director

27 February 2018

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Independent Auditor's Review Report
To the Members of Synertec Corporation Limited and its Controlled Companies

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Synertec Corporation Limited (the Company) and its controlled companies (the Group), 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Synertec Corporation Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance IAS 34 *Interim Financial reporting*.

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 International Accounting Standards 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. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 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 presented fairly, in all material respects, the Group's financial position as at 31 December 2017 and its performance and its cash flows for the half year ended on that date, and complying with Accounting Standard IAS 34 *Interim Financial Reporting*.

As the auditor of Synertec Corporation Limited, ISRE 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner - Audit & Assurance

Melbourne, 27 February 2018