



**De.mem Limited**

**ABN 12 614 756 642**

**Consolidated Preliminary Financial Report - 31 December 2019**

**De.mem Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	De.mem Limited
ABN:	12 614 756 642
Reporting period:	For the year ended 31 December 2019
Previous period:	For the year ended 31 December 2018

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	0.8% to	10,605,819
Loss from ordinary activities after tax attributable to the owners of De.mem Limited	up	61.1% to	(3,296,852)
Loss for the year attributable to the owners of De.mem Limited	up	61.1% to	(3,296,852)

*Dividends*

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

**Commentary on the Results for the Period**

This Appendix 4E should be read in conjunction with accompanying releases lodged to the Australian Securities Exchange (ASX) and with the Annual Financial Report of De.mem Ltd ("De.mem" or the "Company") as at 31 December 2019, due to be released in March 2020.

During CY 2019, De.mem closed three major contracts regarding the sale of water treatment equipment or the provision of related services:

- The supply of a sea water desalination plant to Mulpha, an international infrastructure investor headquartered in Malaysia, worth approx. A\$ 3 million; the project was completed during CY 2019.
- The delivery of a membrane-based water treatment plant to Acciona, a leader in providing sustainable solutions for infrastructure and renewable energy headquartered in Spain.
- A Build, Own, Operate ("BOO") Agreement with Givaudan Pte Ltd, Singapore, for the supply and operations of a waste water treatment plant to be deployed at one of the client's factories in Singapore, worth approx. A\$ 1.7 million.

De.mem recorded approx. A\$ 10.8 million in revenues and other income during CY 2019, equivalent to a growth of approx. 2.1% over CY 2018. This amount excludes approx. A\$ 1.5 million in revenues contracted to De.mem during CY 2020 from projects and equipment sales which were carried over into CY 2020, mainly due to an extension of the delivery schedule for the project with Acciona, at the request of the customer. The deferred revenues will be recognized in the CY 2020 accounts and hence, will add to the revenue growth for CY 2020. Furthermore, no revenues from the above-mentioned BOO project with Givaudan have been recognized in the CY 2020 financial statements.

De.mem recorded negative net operating cash flows of approximately A\$ (1.7) million during the year. This includes delayed customer receipts of approx. \$A 0.6 million during the fourth quarter of CY 2019 (see the Company's December 2019 Quarterly Activities Report lodged to the ASX on 30 January 2019 for more details). Adjusted for the same, De.mem's negative operating cash flows in CY 2020 amount to \$A (1.1) million. The operating cash flows mainly reflect the ongoing investment into technology and R&D around the Company's membrane technology portfolio managed through its manufacturing site and lab facility in Singapore, while the Company's operating business in Australia was close to break-even.

De.mem ends the year with a cash balance of approximately \$A 7.8 million as of 31 December 2019, which gives the company sufficient funding to execute on its ambitious growth plans. Based on current projections, the Company sees itself sufficiently funded to achieve operating cash flow break even.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.56	1.66

### 4. Controlled Entities

Parent entity	Country of Incorporation	Principal Activities	Ownership
De.mem Limited	Australia	Parent	
<b>Name of Controlled Entity</b>			
De.mem-Akwa Pty Ltd	Australia	Water and waste water treatment	100%
Akwa Facility Maintenance Pty Ltd	Australia	Water and waste water treatment	100%
De.mem Pte Ltd	Singapore	Water and waste water treatment	100%
De.mem Vietnam Ltd	Vietnam	Technical Advisory services	100%
GD Wasser Nghe An Company Ltd	Vietnam	Water and waste water treatment	90%
GD Wasser Pte Ltd*	Singapore	Manufacturing and repair	100%

\* This entity was discontinued on 4 November 2019.

#### Control gained on 5 August 2019

Pumptech Tasmania Pty Ltd	Australia	Water and waste water treatment	100%
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#### Control gained on 30 September 2019

Geutec Umwelt- und Abwassertechnik GmbH	Germany	Water and waste water treatment	75%
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### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### Current period

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

7. Details of associates

Name of associate	Reporting entity's percentage holding	
	Reporting period %	Previous period %
Aromatec Pte Ltd	32.00%	32.00%

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8. Independent Audit Report

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

These Consolidated Preliminary Financial Statements are based on the Consolidated Annual Financial Report which is in the process of being audited by Grant Thornton Audit Pty Ltd and are not subject to dispute or qualification.

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9. Signed



Signed \_\_\_\_\_

Andreas Kroell  
Director

Date: 28 February 2020

**De.mem Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Revenue	10,605,819	10,522,989
Cost of sales	<u>(7,543,697)</u>	<u>(7,893,794)</u>
Gross profit	<u>3,062,122</u>	<u>2,629,195</u>
Other income	187,309	52,955
Finance income	16,231	12,943
<b>Total income</b>	<u>203,540</u>	<u>65,898</u>
Interest expense	(356,106)	(7,228)
Administrative, general & selling expenses	(5,950,723)	(4,356,890)
Depreciation expense	(260,399)	(216,813)
Share of loss on investment in associate	<u>(10,512)</u>	<u>(15,259)</u>
<b>Loss before income tax expense from continuing operations</b>	<u>(3,312,078)</u>	<u>(1,901,097)</u>
Income tax expense	<u>(15,409)</u>	<u>-</u>
Loss after income tax expense from continuing operations	<u>(3,327,487)</u>	<u>(1,901,097)</u>
Loss after income tax expense from discontinued operations	<u>-</u>	<u>(102,732)</u>
<b>Loss after income tax expense for the year</b>	<u>(3,327,487)</u>	<u>(2,003,829)</u>
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	<u>(37,014)</u>	<u>(161,166)</u>
Other comprehensive loss for the year, net of tax	<u>(37,014)</u>	<u>(161,166)</u>
<b>Total comprehensive loss for the year</b>	<u><u>(3,364,501)</u></u>	<u><u>(2,164,995)</u></u>
Loss for the year is attributable to:		
Non-controlling interest	(30,635)	42,965
Owners of De.mem Limited	<u>(3,296,852)</u>	<u>(2,046,794)</u>
	<u><u>(3,327,487)</u></u>	<u><u>(2,003,829)</u></u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss from continuing operations attributable to the owners of De.mem Limited</b>		
Basic earnings per share	(2.46)	(1.86)
Diluted earnings per share	(2.46)	(1.86)
<b>Earnings per share for loss from discontinued operations attributable to the owners of De.mem Limited</b>		
Basic earnings per share	-	(0.10)
Diluted earnings per share	-	(0.10)

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

**De.mem Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**

	Note	Consolidated 2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,843,460	1,679,939
Trade and other receivables		2,560,482	1,866,614
Inventories		325,089	263,039
Other currents assets - term deposits		330,000	-
Other assets		216,644	133,862
Contract and other assets		291,504	293,891
Total current assets		<u>11,567,179</u>	<u>4,237,345</u>
<b>Non-current assets</b>			
Investment in associate		109,887	87,977
Property, plant and equipment		838,065	926,172
Right-of-use assets		519,843	-
Goodwill		1,716,001	-
Total non-current assets		<u>3,183,796</u>	<u>1,014,149</u>
<b>Total assets</b>		<u>14,750,975</u>	<u>5,251,494</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		3,600,928	2,429,966
Contract liabilities		8,829	63,670
Borrowings		411,684	314,893
Lease liabilities		233,223	-
Employee benefits		271,024	359,141
Income tax payable		29,866	2,070
Total current liabilities		<u>4,555,554</u>	<u>3,169,740</u>
<b>Non-current liabilities</b>			
Borrowings		158,536	189,414
Lease liabilities		295,736	-
Employee benefits		26,285	26,285
Provisions		14,693	-
Total non-current liabilities		<u>495,250</u>	<u>215,699</u>
<b>Total liabilities</b>		<u>5,050,804</u>	<u>3,385,439</u>
<b>Net assets</b>		<u>9,700,171</u>	<u>1,866,055</u>
<b>Equity</b>			
Issued capital	4	24,021,251	12,867,799
Reserves		533,522	554,434
Accumulated losses		(14,865,433)	(11,568,581)
Equity attributable to the owners of De.mem Limited		<u>9,689,340</u>	<u>1,853,652</u>
Non-controlling interest		10,831	12,403
<b>Total equity</b>		<u>9,700,171</u>	<u>1,866,055</u>

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

**De.mem Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2019**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Share based payment reserve \$</b>	<b>Accumulated losses \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 January 2018	12,123,451	47,839	606,705	(9,521,787)	(30,081)	3,226,127
Profit/(loss) after income tax expense for the year	-	-	-	(2,046,794)	42,965	(2,003,829)
Other comprehensive loss for the year, net of tax	-	(160,685)	-	-	(481)	(161,166)
Total comprehensive loss for the year	-	(160,685)	-	(2,046,794)	42,484	(2,164,995)
Share issue for contingent consideration for acquisition of subsidiary	125,000	-	-	-	-	125,000
Capital raising	619,348	-	-	-	-	619,348
Share-based payments	-	-	60,575	-	-	60,575
Balance at 31 December 2018	<u>12,867,799</u>	<u>(112,846)</u>	<u>667,280</u>	<u>(11,568,581)</u>	<u>12,403</u>	<u>1,866,055</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Share based payment reserve \$</b>	<b>Accumulated losses \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 January 2019	12,867,799	(112,846)	667,280	(11,568,581)	12,403	1,866,055
Loss after income tax expense for the year	-	-	-	(3,296,852)	(30,635)	(3,327,487)
Other comprehensive loss for the year, net of tax	-	(66,077)	-	-	29,063	(37,014)
Total comprehensive loss for the year	-	(66,077)	-	(3,296,852)	(1,572)	(3,364,501)
Capital raising	11,748,110	-	-	-	-	11,748,110
Share issue for contingent consideration for acquisition of a subsidiary	203,174	-	-	-	-	203,174
Capital raising cost	(797,832)	-	-	-	-	(797,832)
Share-based payments	-	-	45,165	-	-	45,165
Balance at 31 December 2019	<u>24,021,251</u>	<u>(178,923)</u>	<u>712,445</u>	<u>(14,865,433)</u>	<u>10,831</u>	<u>9,700,171</u>

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

**De.mem Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	11,706,169	10,209,176
Payments to suppliers and employees (inclusive of GST)	(13,371,137)	(11,799,773)
Interest received	12,599	5,715
Interest and other finance costs paid	(26,850)	-
	<u>(1,679,219)</u>	<u>(1,584,882)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for Research & development investments	(103,000)	-
Payments for property, plant and equipment	(200,309)	(503,209)
Payment for consideration for acquisition of subsidiaries	(1,428,702)	(125,000)
Investment in associate	-	(56,450)
Payments for investments	(208,470)	-
Payments for investments in other current assets	(330,000)	-
Cash acquired on acquisition of businesses	119,366	-
	<u>(2,151,115)</u>	<u>(684,659)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	10,197,784	619,348
Repayment of borrowings	(149,806)	-
Repayment of lease liabilities	(150,728)	-
Proceeds from borrowings	120,723	50,654
	<u>10,017,973</u>	<u>670,002</u>
Net cash from financing activities		
Net increase/(decrease) in cash and cash equivalents	6,187,639	(1,599,539)
Cash and cash equivalents at the beginning of the financial year	1,679,939	3,270,633
Effects of exchange rate changes on cash and cash equivalents	(24,118)	8,845
	<u>7,843,460</u>	<u>1,679,939</u>
Cash and cash equivalents at the end of the financial year		

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



## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. AASB 16 Leases became mandatorily effective for periods beginning on or after 1 January 2019. Accordingly, this standard applies for the first time to this set of consolidated interim financial report. The nature and effect of changes arising from this standard is summarized below.

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

#### **AASB 16 Leases**

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### **Impact on application**

The consolidated entity has adopted AASB 16 using the modified retrospective approach whereby the consolidated entity has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of equity as at 1 January 2019. Accordingly, the consolidated entity has not restated comparative balances in this set of financial statements.

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The associated right-of-use assets for these leases were measured on a retrospective basis as if AASB 16 had always been applied, with the incremental borrowing rate applied as at each lease's commencement date and the assets depreciated on a straight-line basis over the term of the lease.

#### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

**Note 1. Significant accounting policies (continued)**

*Lease Liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The financial statements are presented in Australian dollars, which is De.mem Limited's functional and presentation currency.

**Note 2. Segment Reporting**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Directors for the year ended 31 December 2019 and 31 December 2018.

	Singapore \$	Australia \$	Germany \$	Corporate \$	Total \$
<b>Consolidated - 2019</b>					
<b>Revenue</b>					
Revenue from external customers	391,872	9,750,364	613,870	-	10,756,106
Intersegment revenue	(150,199)	(88)	-	-	(150,287)
<b>Total revenue</b>	<u>241,673</u>	<u>9,750,276</u>	<u>613,870</u>	<u>-</u>	<u>10,605,819</u>
Segment result (before tax)	<u>(1,944,236)</u>	<u>(285,621)</u>	<u>38,736</u>	<u>(1,120,957)</u>	<u>(3,312,078)</u>
<b>Assets</b>					
Segment assets	<u>1,151,454</u>	<u>3,377,939</u>	<u>375,416</u>	<u>16,247,473</u>	<u>21,152,282</u>
Intersegment eliminations					<u>(6,401,307)</u>
<b>Total assets</b>					<u>14,750,975</u>
<b>Liabilities</b>					
Segment liabilities	<u>6,214,408</u>	<u>4,036,961</u>	<u>196,095</u>	<u>889,152</u>	<u>11,336,616</u>
Intersegment eliminations					<u>(6,285,812)</u>
<b>Total liabilities</b>					<u>5,050,804</u>

**De.mem Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 2. Segment Reporting (continued)**

	Singapore \$	Australia \$	Corporate \$	Total \$
<b>Consolidated - 2018</b>				
<b>Revenue</b>				
Revenue from external customers	440,224	11,566,776	-	12,007,000
Intersegment revenue	(84,476)	(1,399,535)	-	(1,484,011)
<b>Total revenue</b>	<u>355,748</u>	<u>10,167,241</u>	<u>-</u>	<u>10,522,989</u>
Segment result (before tax)	<u>(1,633,791)</u>	<u>370,472</u>	<u>(637,059)</u>	<u>(1,900,378)</u>
<b>Assets</b>				
Segment assets	<u>1,394,787</u>	<u>2,461,328</u>	<u>1,395,380</u>	<u>5,251,495</u>
<b>Total assets</b>				<u>5,251,495</u>
<b>Liabilities</b>				
Segment liabilities	<u>470,753</u>	<u>2,451,911</u>	<u>462,775</u>	<u>3,385,439</u>
<b>Total liabilities</b>				<u>3,385,439</u>

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
Rendering of services	3,211,086	3,309,345
Sale of goods	2,768,589	2,296,700
Contracting revenue	<u>4,626,144</u>	<u>4,916,944</u>
Total revenue	<u><u>10,605,819</u></u>	<u><u>10,522,989</u></u>

**Note 4. Equity - issued capital**

	<b>2019</b>	<b>Consolidated</b>	<b>2019</b>	<b>2018</b>
	<b>Shares</b>	<b>2018</b>	<b>\$</b>	<b>\$</b>
		<b>Shares</b>		
Ordinary shares - fully paid	<u>175,351,332</u>	<u>112,256,736</u>	<u>24,021,251</u>	<u>12,867,799</u>

**De.mem Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 4. Equity - issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 January 2018	107,048,854		12,123,451
Share issue for contingent consideration for acquisition of subsidiary	20 February 2018	620,120	\$0.20	125,000
Issue of shares - non-renounceable entitlements issue	24 December 2018	<u>4,587,762</u>	<u>\$0.13</u>	<u>619,348</u>
Balance	31 December 2018	112,256,736		12,867,799
Issue of shares - entitlement issue	16 January 2019	4,453,702	\$0.14	601,250
Issue of shares - entitlement issue	5 March 2019	1,970,296	\$0.14	265,990
Issue of shares - entitlement issue	15 March 2019	2,900,000	\$0.14	391,500
Share Placement	4 April 2019	2,222,222	\$0.14	300,000
Share issue for contingent consideration for acquisition of a subsidiary	4 June 2019	1,665,367	\$0.12	203,174
Share Placement	1 July 2019	13,621,427	\$0.14	1,906,999
Share issue for consideration for acquisition of a subsidiary	5 August 2019	906,582	\$0.20	181,370
Share Placement	2 October 2019	14,755,000	\$0.20	2,951,000
Share Placement	11 December 2019	20,600,000	\$0.25	5,150,000
Share issue costs				<u>(797,831)</u>
Balance	31 December 2019	<u><u>175,351,332</u></u>		<u><u>24,021,251</u></u>

**Note 5. Contingent Assets and Liabilities**

There are no contingent assets and or liabilities at the date of this report (2018: Nil).

**Note 6. Business combinations**

*Pumptech Tasmania Pty Ltd (Pumptech)*

On 5 August 2019 the Company acquired 100% of the ordinary shares of Pumptech Tasmania Pty Ltd (Pumptech) for total consideration of \$1,081,370, comprising of a cash component and shares component.

The cash component consisted of \$450,000 paid immediately, following by three deferred payments of \$150,000 each payable in 12, 24, and 36 months from the completion date of the transaction. The shares component consisted of \$181,370 in shares in the Company, based on the average share price during the last 30 days prior to the completion of the transaction (subject to 12-months escrow), to be issued immediately.

Pumptech is a leading provider of water and waste water treatment systems in Tasmania. Its main product lines include membrane-based and other water and waste water treatment systems, as well as hydraulic and mechanical equipment. There is strong strategic rationale for the acquisition including geographic expansion, further penetration of target customer verticals, product portfolio expansion, cross-sell opportunities, economies of scale, cost synergies and earnings accretion.

The acquired business contributed revenues of \$1,111,277 and loss after tax of \$41,551 to the consolidated entity for the period from 5 August 2019 to 31 December 2019.

If the acquisition occurred on 1 January 2019, the full year contributions would have been revenues of \$2,460,162 and loss after tax of \$115,030.

In relation to the business acquisition, the consolidated entity has performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the balance sheet, the assets and liabilities have been recorded at their provisional fair values. Under Australian Accounting Standards, the consolidated entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The consolidated entity has already commenced this exercise to consider the fair value of intangible assets acquired. As at the date of this report, this assessment is not complete.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	70,370
Trade receivables	508,889
Inventories	20,532
Other current assets	34,870
Plant and equipment	60,516
Trade payables	(318,683)
Other payables	(179,953)
Other provisions	(31,119)
Net assets acquired	165,422
Goodwill	915,948
Acquisition-date fair value of the total consideration transferred	<u>1,081,370</u>
Representing:	
Cash paid or payable to vendor	900,000
De.mem Limited shares issued to vendor	181,370
	<u>1,081,370</u>

**Note 6. Business combinations (continued)**

*Geutec Umwelt- und Abwassertechnik GmbH (Geutec)*

On 30 September 2019 the Company acquired 75% of the ordinary shares of Geutec Umwelt- und Abwassertechnik GmbH (Geutec) for total consideration transferred of \$917,169.

Geutec supplies waste water treatment products and solutions to small and medium sized companies ("SMEs") and a number of multinational corporations from the heavy industrial, plating and metals processing industries. It has a strong customer base in Germany and Europe.

The acquired business contributed revenues of \$625,360 and profit after tax of \$25,576 to the consolidated entity for the period from 30 September 2019 to 31 December 2019.

If the acquisition occurred on 1 January 2019, the full year contributions would have been revenues of \$2,219,765 and profit after tax of \$140,993.

In relation to the business acquisition, the consolidated entity has performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the balance sheet, the assets and liabilities have been recorded at their provisional fair values. Under Australian Accounting Standards, the consolidated entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The consolidated entity has already commenced this exercise to consider the fair value of intangible assets acquired. As at the date of this report, this assessment is not complete.

Details of the acquisition are as follows:

	<b>Fair value \$</b>
Cash and cash equivalents	232,413
Trade receivables	71,958
Other receivables	2,616
Work in progress	21,877
Finished goods	11,492
Prepayments	4,820
Plant and equipment	17,245
Trade payables	(49,108)
Other payables	(133,060)
Provision for income tax	(41,855)
Other provisions	(21,282)
	<hr/>
Net assets acquired	117,116
Goodwill	800,053
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>917,169</u></u>
Representing:	
Cash paid to vendor	<u><u>917,169</u></u>