

## 1. Company details

Name of entity:	De.mem Limited
ABN:	12 614 756 642
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

## 2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	69.7%	to	6,347,419
Loss from ordinary activities after tax attributable to the owners of De.mem Limited	up	5.3%	to	(1,965,234)
Loss for the half-year attributable to the owners of De.mem Limited	up	5.3%	to	(1,965,234)

### *Dividends*

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

### **Brief explanation of above figures**

In spite of a challenging macroeconomic environment due to the Covid-19 crisis, De.mem Ltd achieved substantial growth during the reporting period. During the half-year ended 30 June 2020 (H1 2020), the company recorded total income (revenues plus other income) of approx. \$ 6.8 million, up by approx. 84% from \$ 3.7 million in H1 2019.

Customer payments during the period amounted to approx. \$ 7.4 million (H1 2019: \$ 5.1 million).

During H1 2020, De.mem received important new contract awards:

- As announced on 28 January 2020, De.mem was awarded a new Build, Own, Transfer project by Metro Mining, for the supply of a waste water treatment plant to a mining site in Australia. The contract has a value of approx. \$470,000.

Furthermore, De.mem progressed with the execution of key water treatment contracts, which had been awarded to the Company in 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. \$ 1.7 million.

The respective water and waste water treatment systems have been manufactured during H1 2020 with shipment to the customer sites planned for the second half of the year.

De.mem received additional contract awards after the end of the reporting period:

- On 5 August 2020, De.mem signed a new service agreement for the operations & maintenance of water treatment facilities with a minimum period of two years, worth approx. \$ 200,000 in revenues per year.
- On 19 August 2020, De.mem announced new orders worth approx. \$ 500,000 in revenues from the sale of different types of water treatment equipment and components.

Recently acquired subsidiaries De.mem-Pumptech Pty Ltd, Launceston, Tasmania, and De.mem-Geutec GmbH, Essen, Germany, performed well during H1 2020.

Driven by a strong demand from customers in particular from the food & beverage and agricultural sectors, De.mem-Pumptech Pty Ltd recorded revenues of approx. \$ 1,748k during the reporting period. This compares to approx. \$ 2,460k in revenues recorded by the entity on a stand-alone basis during CY 2019. On an annualized basis, this corresponds to 42% revenue growth during H1 2020.

**De.mem Limited**  
**Appendix 4D**  
**Half-year report**

De.mem-Geutec recorded approx. \$ 1,015k in revenues during the period, roughly in line with A\$2,219k in revenues reported by this entity during CY 2019 on a stand-alone basis.

Along with growing revenues, De.mem Ltd's gross margins increased from approx. 29% in CY 2019 to approx. 32% in H1 2020.

The company reported a net loss before taxes during the reporting period of approx. \$ -1.9 million. This includes approx. \$ 0.8 million in non-cash expenses, mainly from share-based payments, goodwill amortization and depreciation. Net loss before expenses for share-based payments, goodwill amortization and depreciation amounted to approx. \$ -1.1 million.

De.mem ends the period with a balance of cash and short-term deposits of approximately \$ 6 million as of 30 June 2020.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.73	2.83

### 4. Controlled Entities

	Country of Incorporation	Principal Activities	Ownership
Parent entity			
De.mem Limited	Australia	Parent	
Name of Controlled Entity			%
De.mem-Akwa Pty Ltd	Australia	Water and waste water treatment	100.00%
Akwa Facility Maintenance Pty Ltd	Australia	Water and waste water treatment	100.00%
De.mem Pte Ltd	Singapore	Water and waste water treatment	100.00%
De.mem Vietnam Ltd	Vietnam	Technical Advisory services	100.00%
GD Wasser Nghe An Company Ltd	Vietnam	Water and waste water treatment	90.00%
Pumptech Tasmania Pty Ltd	Australia	Water and waste water treatment	100.00%
Geutec Umwelt- und Abwassertechnik GmbH	Germany	Water and waste water treatment	75.00%

### 5. Dividend reinvestment plans

There is no dividend reinvestment program in operation for De.mem Limited.

### 6. Details of associates

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

**7. Signed**

Signed



Mr Andreas Kroell  
Chief Executive Officer and Director  
Melbourne

Date: 31 August 2020

**De.mem Limited**

**ABN 12 614 756 642**

**Consolidated Interim Financial Report - 30 June 2020**

**De.mem Limited**  
**Corporate directory**  
**30 June 2020**

Directors	Cosimo Trimigliozi - Non-Executive Chairman Andreas Kroell - Chief Executive Officer and Director Bernd Dautel - Non-Executive Director Stuart Carmichael - Non-Executive Director Michael Edwards - Non-Executive Director
Company secretary	Melanie Leydin
Registered office	Level 4, 96-100 Albert Road South Melbourne VIC 3205 Australia Phone: (03) 9692 7222
Principal place of business	Level 4, 96-100 Albert Road South Melbourne VIC 3205 Australia Phone: (03) 9692 7222
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Australia Phone: +61 1300 554 474
Auditor	William Buck Level 20, 181 William Street Melbourne Vic 3000 Australia Phone: (03) 9824 8555
Solicitors	HopgoodGanim Lawyers Level 27, Allendale Square 77 St Georges Terrace Perth, WA, 6000 Australia
Bankers	Westpac Bank Perth
Stock exchange listing	De.mem Limited shares are listed on the Australian Securities Exchange (ASX code: DEM)
Website	<a href="http://www.demembranes.com">www.demembranes.com</a>

**De.mem Limited**  
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**30 June 2020**

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**De.mem Limited**  
**Review of operations and financial position**  
**30 June 2020**

Overview

De.mem Limited offers “one-stop-shop” water treatment products and services to industrial customers – ranging from the supply of different types of water treatment equipment, chemicals, pumps and hydraulic components, membranes, filters and consumables to the provision of operations & maintenance services related to water treatment facilities. The Company operates in the mining & resources, municipal & infrastructure, food & beverage and other industrial segments. Its core product lines are membrane-based water treatment plants, based on a proprietary intellectual property portfolio of innovative membrane technologies developed and manufactured in Singapore.

De.mem’s main target market during the half year ended 30 June 2020 (“H1 2020”) was Australia, where the company operates through its 100% owned subsidiaries De.mem-Akwa Pty Ltd, Caboolture, Queensland, and De.mem-Pumptech (formerly: Pumptech Tasmania Pty Ltd), Launceston, Tasmania.

In Singapore, De.mem collaborates with Nanyang Technological University (“NTU”) in technology research and product development. It has licensed a range of membrane-based technologies from NTU, which it manufactures in its Singapore factory and commercializes as a key component of its integrated water treatment systems.

De.mem also operates in Germany and Europe via its 75%-owned subsidiary De.mem-Geutec, Essen, Germany, which specializes in waste water treatment chemicals for industrial applications and customers.

Operations

De.mem received important new contract awards during H1 2020, including a new Build, Own, Transfer arrangement with Metro Mining, as announced on 28 January 2020. This contract has a value of approx. \$ 470,000.

Furthermore, during H1 2020, the company progressed with the execution of key water treatment contracts, which had been awarded to the Company in the previous calendar year 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. \$ 1.7 million.

Both contracts have been in the manufacturing during H1 2020 and shipment of the systems to the customer sites is expected for H2 2020.

Benefiting from strong demand from customers in particular from the food & beverage and agricultural sectors, Tasmanian subsidiary De.mem-Pumptech Pty Ltd recorded revenues of \$ 1,748k during the reporting period. This compares to approx. \$ 2,460k in revenues recorded by this entity on a stand-alone basis during CY 2019. This corresponds to an annualized 42% revenue growth during H1 2020.

Financials

De.mem Ltd’s total income (revenues plus other income) amounted to approx. \$ 6.8 million during H1 2020, up by approx. 84% from \$3.7 million in the half-year ended 30 June 2019.

Customer cash receipts were approx. \$ 7.4 million in H1 2020, up by approx. 45% from \$ 5.1 million in the half-year ended 30 June 2019.

Along with the growing revenues, De.mem Ltd’ gross margins increased from approx. 29% in calendar year 2019 to approx. 32% in H1 2020.

The company reported a net loss before taxes during the reporting period of approx. \$ -1.9 million (H1 2019: \$ -1.9 million). This includes approx. \$ 0.8 million in non-cash expenses, mainly from share-based payments, goodwill amortization and depreciation. Net loss before expenses for share-based payments, goodwill amortization and depreciation amounted to approx. \$-1.1 million (H1 2019: \$ -1.6 million).

De.mem ends the period with a balance of cash and short-term deposits of approx. \$ 6 million as of 30 June 2020.

**De.mem Limited**  
**Review of operations and financial position**  
**30 June 2020**

*Impact of Covid-19*

The Covid-19 pandemic created a challenging macroeconomic environment in H1 2020 for the water treatment industry in general, and for most of De.mem's key target sectors.

Operationally, De.mem implemented detailed policies and procedures to mitigate Covid-19 risk. The company continues to closely monitor the situation and respond to any changes as they occur.

So far, the financial impact of Covid-19 on the company's recurring revenue segments, in particular the existing service (Operations & Maintenance) contracts as well as the contracted projects, has been limited, with all material contracts remaining in full effect.

*Corporate*

On 29 May 2020, De.mem Limited held its fourth Annual General Meeting virtually, due to the Covid-19 pandemic, with all resolutions being passed.



**De.mem Limited**  
**Directors' report**  
**30 June 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of De.mem Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

**Directors**

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

Cosimo Trimigliozi  
Andreas Kroell  
Bernd Dautel  
Stuart Carmichael  
Michael Edwards

**Principal activities**

De.mem Limited (ASX:DEM) is an Australian-Singaporean de-centralised water and waste water treatment business that designs, builds, owns and operates water and waste water treatment systems for its clients. Established in 2013, the company has offices in Australia, Singapore, Vietnam and Germany.

De.mem operates in the industrial segment providing systems and solutions in particular to customers from mining, electronics, chemicals, oil and gas and food and beverage industries as well as in the municipal and residential segments. Customers include leading multinational corporations in their respective industries and municipalities and government organizations from the different countries.

**Review of operations**

Refer to the Review of Operations and Financial Position in the preceding section.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial half-year**

On 5 August 2020, De.mem signed a new service agreement for the operations & maintenance of water treatment facilities with a minimum term of two years, worth approx. A\$200,000 in revenues per year.

On 19 August 2020, De.mem announced new orders worth approx. A\$ 500,000 in revenues from the sale of different types of water treatment equipment and components.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Environmental regulation**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001. The directors have the power to amend and reissue the financial statements.

On behalf of the directors



Mr Andreas Kroell  
Chief Executive Officer and Director

31 August 2020  
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF DE.MEM LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2020 there have been:

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

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N.S. Benbow**  
Director

Dated this 31<sup>st</sup> day of August, 2020

**ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
**williambuck.com**

**De.mem Limited**  
**Condensed Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>6 months to 30 June 2020 \$</b>	<b>6 months to 30 June 2019 \$</b>
Revenue	4	6,347,419	3,740,630
Cost of sales		<u>(4,288,649)</u>	<u>(3,044,618)</u>
Gross profit		<u>2,058,770</u>	<u>696,012</u>
Other income		442,671	(4,234)
Administrative expenses		<u>(3,618,095)</u>	<u>(2,250,230)</u>
<b>Operating loss</b>		<u>(1,116,654)</u>	<u>(1,558,452)</u>
Finance income		18,843	7,765
Finance costs		(46,276)	(19,765)
Share based payments		(209,550)	(231,075)
Depreciation and amortisation		(296,497)	(48,227)
Capital raising costs		(280,800)	-
Share of loss on investment in associate		<u>(13,266)</u>	<u>(15,495)</u>
<b>Loss before income tax expense</b>		<u>(1,944,200)</u>	<u>(1,865,249)</u>
Income tax expense		<u>(39,694)</u>	<u>-</u>
<b>Loss after income tax expense for the half-year</b>		<u>(1,983,894)</u>	<u>(1,865,249)</u>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>80,968</u>	<u>(44,495)</u>
Other comprehensive income/(loss) for the half-year, net of tax		<u>80,968</u>	<u>(44,495)</u>
<b>Total comprehensive income/(loss) for the half-year</b>		<u><u>(1,902,926)</u></u>	<u><u>(1,909,744)</u></u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(18,660)	324
Owners of De.mem Limited		<u>(1,965,234)</u>	<u>(1,865,573)</u>
		<u><u>(1,983,894)</u></u>	<u><u>(1,865,249)</u></u>
Total comprehensive income/(loss) for the half-year is attributable to:			
Non-controlling interest		(18,253)	(51,114)
Owners of De.mem Limited		<u>(1,884,673)</u>	<u>(1,858,630)</u>
		<u><u>(1,902,926)</u></u>	<u><u>(1,909,744)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.12)	(1.55)
Diluted earnings per share		(1.12)	(1.55)

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

**De.mem Limited**  
**Condensed Consolidated statement of financial position**  
**As at 30 June 2020**

	<b>Consolidated</b>	<b>31 December</b>
	<b>30 June 2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,171,865	7,750,210
Trade and other receivables	1,547,871	2,361,366
Inventories	612,108	325,089
Other current assets - term deposits	3,093,249	423,250
Other assets	247,847	216,644
Contract assets	738,856	404,663
Total current assets	<u>9,411,796</u>	<u>11,481,222</u>
<b>Non-current assets</b>		
Investment in associate	64,688	79,094
Property, plant and equipment	1,204,290	751,618
Right-of-use assets	556,688	606,290
Intangibles	1,630,201	1,716,001
Total non-current assets	<u>3,455,867</u>	<u>3,153,003</u>
<b>Total assets</b>	<u>12,867,663</u>	<u>14,634,225</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	287,328	336,687
Trade and other payables	2,747,789	2,576,287
Contract liabilities	66,129	338,641
Borrowings	23,806	387,138
Lease liabilities	283,483	251,021
Employee benefits	475,273	271,024
Deferred consideration payable for business acquisitions	150,000	150,000
Total current liabilities	<u>4,033,808</u>	<u>4,310,798</u>
<b>Non-current liabilities</b>		
Payables	46,080	-
Lease liabilities	334,435	454,272
Employee benefits	23,046	26,285
Provisions	14,693	14,693
Deferred consideration payable for business acquisitions	300,000	300,000
Total non-current liabilities	<u>718,254</u>	<u>795,250</u>
<b>Total liabilities</b>	<u>4,752,062</u>	<u>5,106,048</u>
<b>Net assets</b>	<u>8,115,601</u>	<u>9,528,177</u>
<b>Equity</b>		
Issued capital	24,021,251	24,021,251
Reserves	694,317	550,851
Accumulated losses	(16,592,545)	(15,054,756)
Equity attributable to the owners of De.mem Limited	8,123,023	9,517,346
Non-controlling interest	(7,422)	10,831
<b>Total equity</b>	<u>8,115,601</u>	<u>9,528,177</u>

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

**De.mem Limited**  
**Condensed Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2020**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Other contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 January 2019	12,867,799	554,434	-	(11,568,581)	12,403	1,866,055
Profit/(loss) after income tax expense for the half-year	-	-	-	(1,865,573)	324	(1,865,249)
Other comprehensive income/(loss) for the half-year, net of tax	-	6,943	-	-	(51,438)	(44,495)
Total comprehensive income/(loss) for the half-year	-	6,943	-	(1,865,573)	(51,114)	(1,909,744)
Capital raising	1,558,740	-	-	-	-	1,558,740
Share issue for contingent consideration for acquisition of a subsidiary	203,174	-	-	-	-	203,174
Capital raising cost	(91,685)	-	-	-	-	(91,685)
Share-based payments	-	27,900	-	-	-	27,900
Share application money received	-	-	1,901,225	-	-	1,901,225
Balance at 30 June 2019	<u>14,538,028</u>	<u>589,277</u>	<u>1,901,225</u>	<u>(13,434,154)</u>	<u>(38,711)</u>	<u>3,555,665</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 2020	24,021,251	(161,594)	712,445	(15,054,756)	10,831	9,528,177
Loss after income tax expense for the half-year	-	-	-	(1,965,234)	(18,660)	(1,983,894)
Other comprehensive income/(loss) for the half-year, net of tax	-	80,561	-	-	407	80,968
Total comprehensive income/(loss) for the half-year	-	80,561	-	(1,965,234)	(18,253)	(1,902,926)
Share-based payments	-	-	490,350	-	-	490,350
Expiry of share options	-	-	(427,445)	427,445	-	-
Balance at 30 June 2020	<u>24,021,251</u>	<u>(81,033)</u>	<u>775,350</u>	<u>(16,592,545)</u>	<u>(7,422)</u>	<u>8,115,601</u>

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

**De.mem Limited**  
**Condensed Consolidated statement of cash flows**  
**For the half-year ended 30 June 2020**

	<b>Consolidated</b>	
	<b>6 months to</b>	<b>6 months to</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	7,395,622	5,080,689
Payments to suppliers and employees (inclusive of GST)	<u>(8,441,116)</u>	<u>(5,832,501)</u>
Proceeds from grant income	236,000	-
Interest received	18,843	7,766
Interest and other finance costs paid	(46,276)	(10,865)
Income taxes paid	<u>(39,694)</u>	<u>-</u>
Net cash used in operating activities	<u>(876,621)</u>	<u>(754,911)</u>
<b>Cash flows from investing activities</b>		
Payments for Research & development investments	-	(102,937)
Payments for property, plant and equipment	(613,766)	-
Investment in other current assets - term deposits	(2,670,000)	(330,000)
Payment for contingent consideration for acquisition of a subsidiary	-	(125,000)
Investment in associate	<u>-</u>	<u>(41,722)</u>
Net cash used in investing activities	<u>(3,283,766)</u>	<u>(599,659)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	3,053,456
Share issue transaction costs	-	(140,410)
Repayment of borrowings	(609,904)	(18,737)
Proceeds from borrowings	-	23,441
Repayment of lease liabilities	<u>(128,131)</u>	<u>(53,754)</u>
Net cash from/(used in) financing activities	<u>(738,035)</u>	<u>2,863,996</u>
Net increase/(decrease) in cash and cash equivalents	(4,898,422)	1,509,426
Cash and cash equivalents at the beginning of the financial half-year	7,750,210	1,679,939
Effects of exchange rate changes on cash and cash equivalents	<u>32,749</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,884,537</u></u>	<u><u>3,189,365</u></u>

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

**De.mem Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2020**

**Note 1. General information**

The financial statements cover De.mem Limited as a consolidated entity consisting of De.mem Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is De.mem Limited's functional and presentation currency.

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

Level 4, 96-100 Albert Road  
South Melbourne VIC 3205  
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 31 August 2020.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

**Note 3. 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.

**De.mem Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2020**

**Note 3. Segment Reporting (continued)**

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 half year ended 30 June 2020 and 30 June 2019.

Other represents head office.

*Operating segment information*

<b>Consolidated - 6 months to 30 June 2020</b>	Singapore \$	Australia \$	Germany \$	Other \$	Total \$
<b>Revenue</b>					
Revenue from external customers	217,317	5,220,235	1,015,919	-	6,453,471
Intersegment revenue	(84,403)	(21,649)	-	-	(106,052)
<b>Total revenue</b>	<u>132,914</u>	<u>5,198,586</u>	<u>1,015,919</u>	<u>-</u>	<u>6,347,419</u>
Segment result	<u>(294,394)</u>	<u>(739,774)</u>	<u>(100,189)</u>	<u>(849,537)</u>	<u>(1,983,894)</u>
<b>Assets</b>					
Segment assets	<u>1,314,221</u>	<u>4,102,799</u>	<u>445,996</u>	<u>15,652,179</u>	<u>21,515,195</u>
Intersegment eliminations					<u>(8,647,532)</u>
<b>Total assets</b>					<u>12,867,663</u>
<b>Liabilities</b>					
Segment liabilities	<u>6,484,117</u>	<u>6,165,234</u>	<u>360,296</u>	<u>442,146</u>	<u>13,451,793</u>
Intersegment eliminations					<u>(8,699,731)</u>
<b>Total liabilities</b>					<u>4,752,062</u>
<b>Consolidated - 6 months to 30 June 2019</b>	Singapore \$	Australia \$	Other \$	Total \$	
<b>Revenue</b>					
Revenue from external customers	151,599	3,643,030	-	3,794,629	
Intersegment revenue	(53,999)	-	-	(53,999)	
<b>Total revenue</b>	<u>97,600</u>	<u>3,643,030</u>	<u>-</u>	<u>3,740,630</u>	
Segment result	<u>(748,335)</u>	<u>(613,336)</u>	<u>(503,578)</u>	<u>(1,865,249)</u>	
<b>Assets</b>					
Segment assets	<u>1,477,859</u>	<u>3,504,495</u>	<u>8,209,771</u>	<u>13,192,125</u>	
Intersegment eliminations				<u>(5,739,621)</u>	
<b>Total assets</b>				<u>7,452,504</u>	
<b>Liabilities</b>					
Segment liabilities	<u>5,318,497</u>	<u>4,346,206</u>	<u>108,827</u>	<u>9,773,530</u>	
Intersegment eliminations				<u>(5,876,691)</u>	
<b>Total liabilities</b>				<u>3,896,839</u>	



**De.mem Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2020**

**Note 4. Revenue**

*Disaggregation of revenue*

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

	Rendering of services \$	Sale of goods \$	Contracting revenue \$	Total \$
<b>Consolidated - 6 months to 30 June 2020</b>				
<i>Geographical regions</i>				
Australia	1,234,085	2,003,325	1,955,738	5,193,148
Singapore	88,094	50,258	-	138,352
Germany	-	1,015,919	-	1,015,919
	<u>1,322,179</u>	<u>3,069,502</u>	<u>1,955,738</u>	<u>6,347,419</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	-	3,069,502	-	3,069,502
Services transferred at a point in time	1,322,179	-	-	1,322,179
Services transferred over time	-	-	1,955,738	1,955,738
	<u>1,322,179</u>	<u>3,069,502</u>	<u>1,955,738</u>	<u>6,347,419</u>
	Rendering of services \$	Sale of goods \$	Contracting revenue \$	Total \$
<b>Consolidated - 6 months to 30 June 2019</b>				
<i>Geographical regions</i>				
Australia	1,238,201	536,314	1,868,596	3,643,111
Singapore	-	97,519	-	97,519
	<u>1,238,201</u>	<u>633,833</u>	<u>1,868,596</u>	<u>3,740,630</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	-	633,833	-	633,833
Services transferred at a point in time	1,238,201	-	-	1,238,201
Services transferred over time	-	-	1,868,596	1,868,596
	<u>1,238,201</u>	<u>633,833</u>	<u>1,868,596</u>	<u>3,740,630</u>

**Note 5. Contingent liabilities**

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.

The seller holds a put option to sell the remaining 25% of the shares in Geutec to De.mem, and De.mem holds a call option to acquire the remaining 25% from the seller. The valuation is based on 5x the EBIT (Earnings before Interest and Taxes) of Geutec as per Geutec' last financial statements prior to the exercise of the option.

At 30 June 2020, management have assessed that this outcome is possible, but not probable. This will be reassessed in future reporting periods.

**Note 6. Events after the reporting period**

On 5 August 2020, De.mem signed a new service agreement for the operations & maintenance of water treatment facilities with a minimum term of two years, worth approx. A\$200,000 in revenues per year.

On 19 August 2020, De.mem announced new orders worth approx. A\$ 500,000 in revenues from the sale of different types of water treatment equipment and components.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 7. Share-based payments**

On 24 June 2020, the Company issued 2,750,000 unlisted options to the directors of De.mem Limited, as approved at the Annual General Meeting on 29 May 2020. The options vest upon issue, have an exercise price of \$0.217, and expire on 24 June 2023.

Furthermore, a total of 4,500,000 unlisted options to be issued to VGHM Pty Ltd (Bletchley Park) was approved at the Annual General Meeting on 29 May 2020. The options would be issued as consideration for the provision of capital markets strategy and capital market raising services to the Company. The options vest upon issue, have an exercise price of \$0.22, and expire on 30 December 2021.

The total value of the options issued and granted was \$490,350, with \$280,800 recognised as capital raising costs.

**De.mem Limited**  
**Directors' declaration**  
**30 June 2020**

In the directors' opinion:

- The consolidated interim financial statements and notes comply with the Corporations Act 2001, and Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Mr Andreas Kroell  
Chief Executive Officer and Director

31 August 2020  
Melbourne

## De.mem Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of De.mem Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of De.mem Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Other Matter

The financial report of De.mem Limited for the year ended 31 December 2019 was audited by another auditor, who expressed an unmodified opinion to that report.

### Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Half-Year Financial Report

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 ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

#### ACCOUNTANTS & ADVISORS

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- giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of De.mem Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

William Buck

**William Buck Audit (Vic) Pty Limited**

ABN 59 116 151 136



**N.S. Benbow**

Director

Dated this 31<sup>st</sup> day of August, 2020