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**Preliminary Financial Statements
for the Year Ended 31 December 2017**

Appendix 4E
Preliminary Financial Statements to the Australian Securities Exchange

De.mem Limited and Controlled Entities

ABN 12 614 756 642

Financial Year information – 1 January 2017 to 31 December 2017

Results for announcement to the market

Key Information – Results for Announcement to the Market

	31 December 2017	31 December 2016	Change	Change
	\$(‘000)	\$(‘000)	\$(‘000)	%
Revenue	2,930	273	2,657	Up 973%
Loss for the period after tax	(6,337)	(1,786)	(4,531)	Up 255%
Loss attributable to members of the parent entity	(6,302)	(1,771)	(4,551)	Up 256%

- The results of De.mem Limited’s subsidiary Akwa-Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd are included from the closing date of the acquisition of these two entities on 18 September 2017.
- The De.mem Group recorded accounting losses from the acquisition of Akwa-Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd which totalled \$3.0 million, together with restructuring & ASX listing expenses of \$0.8 million associated with the acquisition of De.mem Pte Ltd in the current year.
- Before the loss from acquisition of \$3 million and restructuring & ASX listing expenses of \$0.8 million, De.mem Ltd incurred a net loss of \$2.5 million for the 2017 year.

Dividends

No dividends have been declared or paid during the financial year ended 31 December 2017.

These financial statements are in the process of being audited by RSM Australia Partners and are not subject to dispute or qualification.

	31 December 2017	31 December 2016
Basic loss per share (cents/share)	(8.02)	-*
Diluted loss per share (cents/share)	(8.02)	-*
Net tangible assets per share (cents/share)	3.04	-*

* Entity was admitted to the official list of the ASX on 4 April 2017.

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1. **Details of entities over which control has been gained or lost during the period, including the following:**

	Country of Incorporation	Principal Activities	Ownership %
Parent entity			
De.mem Limited	Australia	Parent	
Name of Controlled Entity			
Control gained on 14 March 2017			
De.mem Pte Ltd	Singapore	Waste management service	100%
De.mem Viet Nam Ltd	Vietnam	Waste management service	100%
GD Wasser Pte Ltd	Singapore	Waste management service	100%
GD Wasser Viet Nam Ltd	Vietnam	Waste management service	100%
GD Wasser Long An Ltd	Vietnam	Waste management service	90%
GD Wasser Nghe An Ltd	Vietnam	Waste management service	90%
Control gained on 18 September 2017			
Akwa Worx Pty Ltd	Australia	Waste management service	100%
Akwa Facility Management Pty Ltd	Australia	Waste management service	100%

2. **Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.**

Not applicable – no dividends have been declared or paid.

3. **Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

Not applicable.

4. **Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.**

Not applicable.

5. **Attachments forming part of the Appendix 4E:**

Attachment I: Financial Statements and Notes thereto of De.mem Limited for the year ended 31 December 2017.

Audit Status

This report is based on accounts to which one of the following applies:			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited	<input checked="" type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
If the accounts have not yet been audited and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
N/A			
If the accounts have been audited and are subject to dispute or qualification, a description of the dispute or qualification:			
N/A			



Brett Tucker
Company Secretary
28 February 2018

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De.mem Limited
Consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2017

	Note	Consolidated 31-Dec-17 \$	31-Dec-16 \$
Revenue	2	2,930,423	273,301
Cost of sales		(2,394,538)	(352,266)
Gross profit		535,885	(78,965)
Other Income			
Interest income		23,066	105
Other income		6,977	-
Total Income		565,928	(78,860)
Interest expense		(4,920)	-
Admin, general & selling expenses		(2,482,885)	(1,439,092)
Employee and consulting expenses		(524,599)	-
Depreciation expense		(131,049)	(9,301)
Restructuring and listing expenses		(788,342)	-
Loss from acquisition of a business		(3,007,100)	(258,841)
Loss before income tax		(6,372,967)	(1,786,094)
Income tax income		35,715	-
Loss after income tax		(6,337,252)	(1,786,094)
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		(22,956)	59,552
Total comprehensive loss		(6,360,208)	(1,726,542)
Loss attributable to owners of the parent, net of tax		(6,302,303)	(1,771,074)
Loss attributable to non-controlling interests, net of tax		(34,949)	(15,020)
Loss net of tax		(6,337,252)	(1,786,094)
Basic and Diluted Loss per share – cents per share		8.02	-

The above 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 2017

	Note	Consolidated	
		31-Dec 2017 \$	31-Dec 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,270,633	191,053
Trade and other receivables		1,793,737	306,466
Inventories		236,039	79,046
Other assets		357,763	292,814
Total Current Assets		5,658,172	869,379
Non-Current Assets			
Property plant and equipment		639,776	672,309
Other assets		4,095	4,583
Total Non-Current Assets		643,871	676,892
TOTAL ASSETS		6,302,043	1,546,271
LIABILITIES			
Current Liabilities			
Trade and other payables		2,278,591	476,598
Borrowings		376,314	-
Employee benefits		271,779	-
Income tax payable		26,517	-
Total Current Liabilities		2,953,201	476,598
Non-Current Liabilities			
Employee benefits		45,375	-
Borrowings		77,339	-
Total Non-Current Liabilities		122,714	-
TOTAL LIABILITIES		3,075,915	476,598
NET ASSETS		3,226,128	1,069,673
EQUITY			
Issued capital	3	12,123,451	4,213,493
Share based payment reserve	4	606,705	-
Foreign currency translation reserve		47,839	70,299
Accumulated losses		(9,521,786)	(3,219,483)
Equity, attributable to owners of the parent		3,256,209	1,064,309
Non-controlling interests		(30,081)	5,364
TOTAL EQUITY		3,226,128	1,069,673

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

De.mem Limited
Consolidated statement of changes in equity
For the financial year ended 31 December 2017

	Share Capital	Other Reserve (Foreign exchange difference)	Share Based Payment	Non- Controlling	Accumulated Losses	Total Equity
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	2,250,831	10,652	-	-	(1,448,409)	813,074
Loss after income tax	-	-	-	(15,020)	(1,771,074)	(1,786,094)
Other comprehensive income	-	59,647	-	(95)	-	59,552
Total comprehensive loss for the period	-	59,647	-	(15,115)	(1,771,074)	(1,726,542)
Transactions with equity holders						
Issue of share capital	1,962,662	-	-	-	-	1,962,662
Acquisition of subsidiary – non-controlling interest	-	-	-	20,479	-	20,479
Balance at 31 December 2016	4,213,493	70,299	-	5,364	(3,219,483)	1,069,673
Balance at 1 January 2017	4,213,493	70,299	-	5,364	(3,219,483)	1,069,673
Loss after income tax	-	-	-	(34,949)	(6,302,303)	(6,337,252)
Other comprehensive loss	-	(22,460)	-	(496)	-	(22,956)
Total comprehensive loss for the period	-	(22,460)	-	(35,445)	(6,302,303)	(6,360,208)
Transactions with equity holders						
Share issue for acquisition of subsidiary	1,921,538	-	-	-	-	1,921,538
Capital raising	7,000,000	-	-	-	-	7,000,000
Capital raising cost	(1,011,580)	-	-	-	-	(1,011,580)
Share based payment	-	-	606,705	-	-	606,705
Balance at 31 December 2017	12,123,451	47,839	606,705	(30,081)	(9,521,786)	3,226,128

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

De.mem Limited
Consolidated statement of cash flows
For the financial year ended 31 December 2017

	Consolidated	
	31-Dec	31-Dec
	2017	2016
Note	\$	\$
Cash flows from operating activities		
Receipts from customer	2,616,007	767,498
Interest received	18,146	105
Payments to suppliers and employees	<u>(5,028,864)</u>	<u>(1,958,921)</u>
Net cash used in operating activities	<u>(2,394,711)</u>	<u>(1,191,318)</u>
Cash flows from investing activities		
Payments for property, plant & equipment	(257,763)	(146,184)
Proceeds from sale of property, plant & equipment	361,090	-
Acquisition of subsidiaries	<u>(752,753)</u>	<u>(207,550)</u>
Net cash used in investing activities	<u>(649,426)</u>	<u>(353,734)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of costs)	6,312,935	1,244,831
Repayment of borrowings	<u>(175,084)</u>	<u>-</u>
Net cash provided by financing activities	<u>6,137,851</u>	<u>1,244,831</u>
Net increase/(decrease) in cash and cash equivalents	3,093,714	(300,221)
Effects of exchange rates changes	(14,134)	1,248
Cash and cash equivalents at the beginning of the financial year	<u>191,053</u>	<u>490,026</u>
Cash and cash equivalents at the end of the financial year	<u>3,270,633</u>	<u>191,053</u>

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

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De.mem Limited
Notes to the financial statements
For the financial year ended 31 December 2017

Note 1. Significant accounting policies

Note 1. Basis of Preparation

It is recommended that the Preliminary Final Statements be read in conjunction with the half yearly financial statements of De.mem Limited (“the Consolidated Entity”) as at 30 June 2017 together with any public announcements made by De.mem Limited during the year ended 31 December 2017, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies used in this report are the same as those used in the half yearly financial statements of De.mem Limited as at 30 June 2017, except in relation to the matters disclosed below:

New and Revised Accounting Standards and Interpretations

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Consolidated Entity’s accounting policies.

Functional and Presentation Currency

The preliminary financial statements have been presented in Australian dollars (AUD), which is the Group’s functional and presentation currency. During the year the Group changed its functional and presentation currency from Singapore dollars (SGD) to AUD. This reflects the change in the Group’s revenue mix.

Acquisition accounting – De.mem Pte Ltd

On 14 March 2017, De.mem Limited, the legal parent and legal acquirer, completed the acquisition of De.mem Pte Ltd (company incorporated in Singapore) and its controlled subsidiaries. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations, with De.mem Pte Ltd deemed to be the accounting acquirer. The acquisition has been treated using the principles of reverse acquisition accounting. Effectively De.mem Pte Ltd has acquired the net assets and listing status of De.mem Limited.

Accordingly, the consolidated financial statements of the De.mem Limited have been prepared as a continuation of the business and operations of De.mem Pte Ltd and the transaction measured at the fair value of the equity instruments that would have been given by the controlled entity, De.mem Pte Ltd, to have exactly the same percentage holding in the new structure at the date of acquisition.

The implications of the acquisition on the financial statements are as follows;

Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

- The 31 December 2017 statements comprise 12 months of De.mem Pte Ltd, its subsidiaries, 9 months and 17 days of De.mem Limited and 3 months 13 days of Akwa-Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd.
- The 31 December 2016 comparative statements comprise 12 months of De.mem Pte Ltd and its subsidiaries.

Statement of Financial Position

- The statement of financial position as at 31 December 2017 comprises of De.mem Pte Ltd and its subsidiaries, De.mem Limited and its controlled entities, Akwa-Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd.
- The comparative statement of financial position at 31 December 2016 comprises De.mem Pte Ltd and its subsidiaries.

De.mem Limited
Notes to the financial statements
For the financial year ended 31 December 2017

Note 2. Revenue

	Consolidated	
	31-Dec 2017	31-Dec 2016
	\$	\$
Rendering of services	1,063,392	112,467
Sale of goods	1,202,804	160,834
Contracting revenue	664,227	-
Total	2,930,423	273,301

Note 3. Issued capital

	Consolidated	
	31-Dec 2017	31-Dec 2016
	\$	\$
106,048,854 ordinary shares - fully paid (2016: 1,581,750)	12,123,451	4,213,493

Movements in ordinary share capital

Details	Date	Shares	Issue price \$	\$
Balance	01/01/2017	7,307,692	0.13	949,975
Elimination of pre-acquisition share capital of De.mem Limited		-	-	(949,975)
Acquired share capital of De.mem Pte Ltd	14/03/2017	-	-	4,213,493
Issue of shares to shareholders of De.mem Pte Ltd	14/03/2017	65,000,000	-	1,461,538
Issue of shares – initial public offering	14/03/2017	22,500,000	0.20	4,500,000
Issue of shares to shareholders of Akwa Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd	14/09/2017	1,807,200	-	460,000
Share issue	14/11/2017	9,433,962	0.27	2,500,000
Cost of share issues		-	-	(1,011,580)
Balance	31/12/2017	106,048,854		12,123,451

Note 4. Share based payment reserve

Consolidated
31-Dec **31-Dec**
2017 **2017**
\$ **\$**

Options Reserve	606,705	-
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Movements in reserve

Movements in the share based payment reserve during the current financial year are set out below:

	No of Options	2017 \$
Balance 1 January 2017	-	-
<i>New options issued</i>		
Unlisted options to lead manager	3,800,000	324,515
Unlisted options to a key employee vesting over multiple periods	750,000	32,405
Unlisted options to lead manager	1,250,000	249,785
Balance 31 December 2017	5,800,000	606,705

Note 5. Share-based payments

A share option plan has been established by the entity, whereby the entity may grant options over ordinary shares in the company to certain key management personnel of the entity. The options are issued for nil consideration.

On 30 March 2017, the entity issued 3,800,000 options to an advisor who acted as lead manager for the ASX initial public offering. The fair value of these options (\$324,515) were treated as share issue costs.

On 12 May 2017, the entity issued 750,000 options vesting over multiple service periods to an employee of the Company.

On 11 September 2017, the entity issued 1,250,000 options to an advisor of the Company.

Set out below are summaries of options granted under the plan:

2017

Options	Grant date	Exercise Price \$	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
Lead Manager	30/03/2017	0.30	-	3,800,000	-	-	3,800,000
Employee	12/05/2017	0.30	-	750,000	-	-	750,000
Lead Manager	11/09/2017	0.30	-	1,250,000	-	-	5,050,000
			-	5,800,000	-	-	9,600,000

De.mem Limited
Notes to the financial statements
For the financial year ended 31 December 2017

Note 6. Acquisition accounting - De.mem Pte Ltd

On 14 March 2017 the Company issued 65 million fully paid ordinary shares to the shareholders of De.mem Pte Ltd pursuant to an implementation agreement to acquire the entire issued capital of De.mem Pte Ltd.

Under Australian Accounting Standards, De.mem Pte Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment in which De.mem Pte Ltd acquires the net assets and listing status of De.mem Limited.

(a) Deemed Consideration Acquisition De.mem Pte Ltd

The purchase consideration was the issue of 65,000,000 shares in De.mem Limited (legal parent) to the shareholders of De.mem Pte Ltd.

\$

Quoted share price on 14 March 2017	0.20
Shares on issue at acquisition date	7,307,693
Deemed consideration	<u>1,461,538</u>

(b) Deemed Issued Capital Acquisition De.mem Pte Ltd

\$

De.mem Limited share capital on issue at acquisition date	949,975
Elimination of De.mem Limited issued capital	(949,975)
Deemed consideration as per note (a)	1,461,538
Acquired share capital of De.mem Pte Ltd	4,213,493
Capital raising	4,500,000
Capital raising costs	(860,948)
Total De.mem Limited share capital on 14 March 2017	<u>9,314,083</u>

(c) Fair value of Assets and Liabilities Acquired – De.mem Pte Ltd

\$

Cash and cash equivalents	713,201
Trade and other receivables	415,713
Total Assets	<u>1,128,914</u>
Trade and other payables	455,718
Total Liabilities	<u>455,718</u>
Net Assets	<u>673,196</u>

(d) Listing Expense

Deemed consideration	1,461,538
Less: net assets of De.mem Limited on acquisition date – 14 March 2017	<u>(673,196)</u>
Excess of consideration provided over net assets at acquisition date – 14 March 2017, being restructuring and listing costs	<u>788,342</u>

De.mem Limited
Notes to the financial statements
For the financial year ended 31 December 2017

Note 7. Acquisition accounting Awka Worx Pty Ltd and Akwa Facility Maintenance Pty Ltd

On 18 September 2017 De.mem Limited, acquired 100% of the ordinary shares of Akwa Worx Pty Limited and Akwa Facility Maintenance Pty Ltd for the total consideration transferred of \$2,366,250. The aforementioned companies, together, comprise a waste management business which operates in Australia and were acquired to expand operations in Australia. The acquired business contributed revenues of \$2,130,095 and losses before tax of \$144,562 to the consolidated entity for the period from 18 September 2017 to 31 December 2017.

Details of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	34,046
Trade and other receivables	1,240,839
Inventory	221,651
Plant and equipment	210,665
Trade and other payables	(1,719,314)
Borrowings	(628,737)
	<hr/>
Net liabilities acquired	(640,850)
Loss recognised from the acquisition of the business	3,007,100
	<hr/>
Acquisition-date fair value of the total consideration	2,366,250
	<hr/> <hr/>
<i>Representing:</i>	
Cash paid	1,500,000
Shares issue	460,000
Contingent consideration payable	406,250
	<hr/>
Acquisition-date fair value of the total consideration	2,366,250
	<hr/> <hr/>
Acquisition costs expensed to profit or loss	85,453
	<hr/> <hr/>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,500,000
Less: cash and cash equivalents	(34,046)
	<hr/>
Net cash used	1,465,954
	<hr/> <hr/>

De.mem Limited
Notes to the financial statements
For the financial year ended 31 December 2017

Note 8. 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 2017 and 31 December 2018

2017	Singapore – De.mem Pte Ltd	Akwa Group Pty Ltd	Australia – De.mem Limited	Consolidated
Revenue from external customers	797,328	2,665,539	-	3,462,867
Intersegment revenue	-	(532,444)	-	(532,444)
Segment revenue	797,328	2,133,095	-	2,930,423
Segment result (loss before tax)	(1,876,223)	(173,495)	(4,323,249)	(6,372,967)
Segment assets	1,295,953	2,086,247	2,919,843	6,302,043
Segment liabilities	265,977	2,363,181	446,757	3,075,915
2016				
Revenue from external customers	273,301	-	-	273,301
Intersegment revenue	-	-	-	-
Segment revenue	273,301	-	-	273,301
Segment result	(1,786,094)	-	-	(1,786,094)
Segment assets	1,546,271	-	-	1,546,271
Segment liabilities	476,598	-	-	476,598

Note 9. Contingent assets and liabilities

There are no contingent assets and or liabilities at the date of this report.