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Appendix 4D

Half year report

Name of the entity:	**Memphasys Limited**
ABN:	**33 120 047 556**

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 December 2020	31 December 2019

Results for announcement to the market

				$A'000
Sales from continuing operations	**Remained**	**0%**	**to**	**0**
Gross profit from continuing operations	**Remained**	**0%**	**to**	**0**
Profit (loss) from continuing activities after tax attributable to members	**Down**	**4%**	**to**	**(719)**
Net Profit (loss) for the period attributable to members	**Down**	**4%**	**at**	**(719)**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividend, N/A

Brief explanation of any of the figures reported above:

Refer to "Principal Activities and review of operations in the directors report attached to the Appendix 4D"

NTA backing	**31 December 2020**	31 December 2019
Net tangible asset backing per ordinary security	**0.001 dollars**	0.0044 dollars

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Audit/Review Status

This report is based on accounts to which one of the following applies:(Tick one)

The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The review report is an unqualified review opinion

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Memphasys Limited
and its Controlled Entities
ABN 33 120 047 556

Interim Financial Report
for the half-year ended 31 December 2020

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Memphasys Limited and its Controlled Entities

Directors' Report

The Directors submit their report for the consolidated entity consisting of Memphasys Limited ("the Company") and its controlled entities ("MEM" or the "Group") for the half-year ended 31 December 2020.

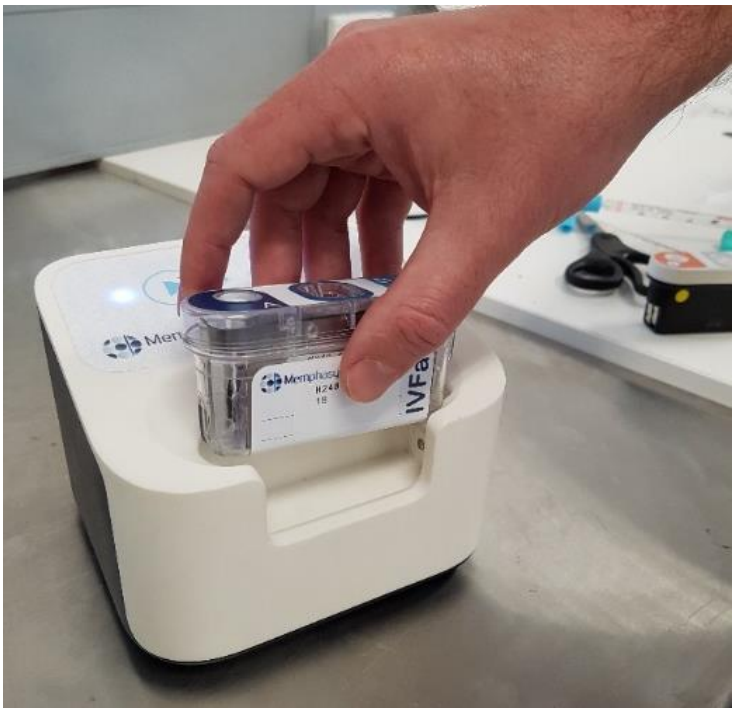
Directors

The names of the Directors of the Company in office at any time during or since the end of the interim period are:

Ms Alison Coutts	Executive Chairman
Mr Andrew Goodall	Non-Executive Director
Mr Shane Hartwig	Non-Executive Director
Mr Paul Wright	Non-Executive Director

REVIEW OF OPERATIONS

It was a productive and successful half year for the Group and the development of its core product, the Felix device. Felix is a novel automated device for quickly and gently separating high quality sperm from a semen sample for use in human IVF procedures, and its successful commercial development has continued despite difficulties caused by COVID-19 to supply chains and to the slowdown or temporary shutting of global Key Opinion Leader (KOL) clinics.



Felix device console and single-use cartridge

In September, Memphasys and its product development partner, Hydrix Services Pty Ltd ("Hydrix"), were jointly named recipients of two Australian 2020 Good Design Awards for the Felix™ device. The device received a Gold Good Design Award for engineering design and a Good Design Award for product design in the medical and scientific category.

Further to the work done on Felix, great gains continued to be made during the half year in researching other clinical solutions to important market needs in male infertility, for both humans and animals, led by global fertility expert Professor John Aitken and his team at University of Newcastle ("UoN").

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KOL program

The initial 13 KOLs chosen, which are located in eight countries globally, continued to evaluate the *in vitro* performance of the Felix device compared with the current practice, despite many of the IVF clinics being shut down or greatly slowed down over the period due to COVID-19.

Initial KOL Felix comparison study data was received from sites in Shanghai, Tokyo, Gothenburg (Sweden), Ahmadabad (India), New York, Melbourne, and Isfahan (Iran).

While KOL centres in Toronto, Auckland, Sydney, and Boston began their studies, they were and continue to be seriously delayed by COVID-19, with the Toronto site having to temporarily discontinue their work. KOL sites in Münster (Germany) and Clermont (France) had intended to commence but were forced to delay and the delays are still in place.

Initial results over the period showed that the Felix device operated as expected and the early assessment results from KOL partners were positive. Assessments with Monash IVF and UoN, two key collaborators, identified an alternative operating protocol in the semen extraction process that could markedly increase the quality of the harvest to the detriment of quantity, which can be useful in some cases.

After discussing the technique with various KOLs, they requested to conduct further Felix assessment with final production devices and the new optimised operating protocols, before resuming commercial discussions. The final production devices and cartridges were sent to these KOL partners in December 2020 for their further assessment.

Verification & Validation ("V&V") activities

Verification and validation are essential activities in the final stages of product development and require the test articles to be manufactured to the quality of a commercial device. The Felix cartridges are manufactured in a cleanroom, at the Sydney headquarters of manufacturer W&S Plastics Pty Ltd ("W&S"). The cleanroom is key to ensuring the Felix cartridges are manufactured sterile – a regulatory requirement for products used in IVF. The cleanroom was validated in November, to ISO7/ISO8 standards, and initial final-build quality cartridges were produced to complete V&V for early markets.

Cleanroom at W&S Plastics: For manufacture and assembly of Felix cartridges

W&S has the capacity to produce approximately 100 cartridges per day (26,000 cartridges annually) within the cleanroom, with the ability to scale up substantially, depending on demand.

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V&V testing for early markets was delayed primarily due to an initial biocompatibility assessment of the Felix cartridge that resulted in the redesign of one component and the validation of the cleanroom. Completion of these V&V activities is now scheduled for March 2021.

Verification of the Felix device has been undertaken by Hydrix, and a large portion of the testing was complete by year end, with only a few outstanding tests to be completed. Validation of the Felix device is being handled by Memphasys, and the majority of tests required for sales in early markets will be completed in March 2021.

Regulatory

The global sales plan for Felix is dictated by considerations including market size, ease of access and service and pricing. However, the foremost preliminary consideration is jurisdictional regulatory requirements. The initial four target markets of Canada, Japan, NZ and India have low regulatory requirements which enables the potential for early sales. In addition, the market opportunities are substantial, and they are easy to service initially from Australia, especially NZ.

In Canada and Japan, the Felix device is considered laboratory equipment rather than a medical device which significantly reduces the regulatory requirements for Felix in these jurisdictions. Felix has passed the laboratory equipment requirements, the most important being electromagnetic compatibility and safety requirements for electrical equipment. This standard applies to all four markets (Canada, Japan, NZ and India) and has been passed in all four markets.

In NZ, the device has been registered on NZ's Web Assisted Notification of Devices (WAND) database, a necessary precondition before commercial sales can begin. In India, under the current regulatory standards, Felix may be commercially sold. However, this could change when new regulations are introduced in the future, but this is not expected to occur within at least the next 18 months.

The regulatory plan is to initially obtain and roll out product sales in low regulatory markets. The first high regulatory market planned will be Australia, followed by USA and China and subsequently Europe, which has a new and more difficult regulatory environment for all medical devices manufacturers to comply with. Memphasys is continuing to advance its regulatory program, especially in Australia, China and the US, noting this will likely take 2-3 years to complete.

IVF market in Canada, Japan, NZ and India

	Canada	Japan	NZ	India
IVF cycles	16,852 (2018)[1]	689,000 (2020 forecast)[2]	9,400 (2020 forecast)[3]	302,000 (2020 forecast)[4]
CAGR growth rate of IVF Cycles 2019-2026, %	15.2%[5]	12.3 % [6]	7.8%[7]	15.1%[8]

Memphasys is initially planning to undertake direct sales of the Felix device to private clinics in these markets and subsequently appointing distributors when and if deemed necessary.

[1] Canadian Fertility & Andrology Society (CFAS), 2019
[2] Allied Market Research Report, 2019
[3] Allied Market Research Report, 2019
[4] Allied Market Research Report, 2019
[5] Allied Market Research Report, 2019
[6] Allied Market Research Report, 2019
[7] Allied Market Research Report, 2019
[8] Allied Market Research Report, 2019

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Vesting of Performance Options

With satisfaction of all legal and regulatory requirements in the three market jurisdictions of Canada, Japan and NZ completed by 30 June 2020 (for Canada) and by 30 September 2020 (for Japan and NZ), Memphasys' board agreed the milestones were met in the vesting of a set of 16,800,000 performance options to staff and consultants. 12,000,000 of these performance options were granted to the Executive Chairman, Alison Coutts, after shareholder approval was received for their issue on 21 October 2019. The options expire on 21 October 2021 and are exercisable at a price of $0.1142.

ARC Linkage Grant

During the period, Memphasys decided to terminate the ARC Linkage grant, jointly awarded to Memphasys and its research partners UNSW and UoN. The grant was for assistance from UNSW and UoN on the development of a larger scale device to efficiently separate equine sperm (and subsequently sperm from other animals) for Artificial Insemination ("AI").

Fortunately, much of the initial and crucial work, to view and automate the mapping and analysis of equine sperm movement under the influence of electrophoresis, has now been accomplished with UoN and Hydrix. This work is fundamental to our ability to design an efficient device for animal AI and it is also likely to have benefits for designing a next generation human device, particularly for Interuterine Insertion ("IUI") procedures, which require more sperm to be processed than for IVF and ICSI processes.

New product opportunities

Memphasys, in collaboration with global fertility expert Professor John Aitken and his research team at UoN, continued to successfully conduct research and commercial analysis of a set of product opportunities focussed on innovative assisted reproduction technologies ("ART") for both livestock and humans. Professor John Aitken also increased his commitment to MEM during the period which greatly accelerated the progress of this research.

Programs include:

- the next generation Felix-type device for separating animal sperm for animal AI, with potential modifications and subsequent application to human ART,
- diagnostic for male animal fertility assessment,
- diagnostic for assessing semen oxidative stress in animals, with possible application to humans,
- development of long-life sperm storage media, initially for animal AI but potentially also for human ART.

Preliminary feasibility studies were completed as planned during the period and all programs were considered worthy of progression to initial product development phase into 2021 and beyond.

Financial performance

The net loss for the half-year ended 31 December 2020 was $719,464 (2019: net loss of $747,352). The variance was due to an increase in the grant income and a decrease in costs associated with maintaining a listing of the entity's securities on the ASX, partially offset by an increase on R&D expenses.

R&D expenses increased from $39,740 to $95,053. This is the portion of R&D expenses related to the R&D projects still in 'research phase' and hence not capitalised in accordance with accounting standards. The two projects included in this stage are "Next Generation Separations" (other separation technologies outside reproductive biology applications), which was existent in the prior comparative period, and "Other Fertility Projects" (other projects that involve innovative assisted reproductive technologies for livestock and humans), which commenced in the current period and includes work on conducting research programs for the global market in semen processing and/or sperm collection for human and animal applications. The R&D expenditure related to the projects in 'development phase', capitalised to Intangible Assets, slightly increased from $1,582,662 in the six-month period to 31 December 2019 to $1,665,445 in the same period to 31 December 2020.

At 31 December 2020, the Group had net working capital of $1,308,781 (30 June 2020: $2,971,003), and a cash balance of $1,086,313 (30 June 2020: $1,967,800).

During the period, the Group received from the Australian Taxation Office a R&D grant of $1,293,092 (2019: $1,103,264). In this period Memphasys also received from the Federal Government the amount of $50,000 as part of the stimulus package due to COVID-19.

Overall, the Group had cash inflows from operating activities of $744,692 for the half-year ended 31 December 2020 (2019: $522,661) and cash outflows from investing activities of $1,596,960 (2019: $1,744,136).

The Group will continue to actively seek funding to continue its R&D program and to progress the commercialisation of the Felix device.

Outlook for 2021

Final V&V testing of the Felix device for the low regulatory markets, including completion of a validation study at Monash IVF, is expected to be achieved in March 2021. Shelf-life studies of the cartridge will continue for the next 12 months but accelerated aging results can be used in the interim, and they have already shown commercially acceptable device shelf life for potential initial sales.

Given the adverse current impact of COVID-19 including shutdown of many of our KOL clinics, and the KOLs in early markets seeking to undertake assessments of new optimised protocols for their practices using production devices, the Group now anticipates first KOL commercial sales in 'early markets' to occur in March or April 2021.

Initial sales of Felix production devices are being negotiated with prestigious Chinese medical research institutions seeking to collaborate with Professor John Aitken and his research group at University of Newcastle to expand Felix's clinical utility.

The collaboration with Monash IVF, a long standing, valuable partner to assist in commercialisation of the Felix device, will continue and is expected to accelerate in its momentum.

Memphasys plans to finish design of the Felix regulatory clinical trial for Australia and start these trials in 2021. It will also design trials in China (seeking fast track approval) and the USA and deal with the various regulators in each of these jurisdictions as required.

New niche, high potential product opportunities initially for animal use but also for potential human applications will continue to be progressed with at least one diagnostic product for animal fertility to be accelerated into prototype production in the next few months.

While these research initiatives have the potential to be exciting and valuable, Memphasys remains focused on and committed to the commercialisation of the Felix device and is excited about its commercial potential.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

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AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 20 of this report.

This report is signed in accordance with a resolution of the Board of Directors.

Alison Coutts
Executive Chairman

Sydney
26 February 2021

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Memphasys Limited and its Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Half-year 31 December 2020 $	Half-year 31 December 2019 $
Continuing operations		
Other Revenue		
Grant income	**41,348**	**16,743**
Interest income	**2,224**	**15,352**
Marketing expenses	**(9,906)**	**(13,475)**
General and administration expenses	**(627,460)**	**(692,106)**
Research and development expenses	**(95,053)**	**(39,740)**
Finance cost expenses	**(30,617)**	**(34,126)**
Loss before income tax	**(719,464)**	**(747,352)**
Income tax expense	**-**	**-**
Loss after tax from continuing operations	**(719,464)**	**(747,352)**
Net loss for the year attributable to members of parent	**(719,464)**	**(747,352)**
Other comprehensive expense / (income)	**-**	**-**
Total other comprehensive expense / (income) for the period	**-**	**-**
Total comprehensive loss for the period	**(719,464)**	**(747,352)**
Earnings per share (EPS)	**Dollar/share**	**Dollar/share**
– Basic loss per share	**(0.0010)**	**(0.0012)**
– Diluted loss per share	**(0.0009)**	**(0.0011)**

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

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Memphasys Limited and its Controlled Entities

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	As at 31 December 2020 $	As at 30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents		**1,086,313**	1,967,800
Inventory		**99,824**	32,677
Other current assets		**922,132**	1,557,310
TOTAL CURRENT ASSETS		**2,108,269**	3,557,787
NON-CURRENT ASSETS			
Property, plant and equipment	4	**640,843**	208,464
Right-of-use asset	7	**915,848**	986,297
Intangible assets	5	**7,546,751**	6,546,093
TOTAL NON-CURRENT ASSETS		**9,103,442**	7,740,854
TOTAL ASSETS		**11,211,711**	11,298,641
CURRENT LIABILITIES			
Trade and other payables		**270,557**	285,744
Non-interest-bearing liabilities	6	**181,000**	26,334
Lease liabilities	7	**111,156**	106,843
Tax liabilities		**8,238**	93
Short-term provisions		**228,537**	167,770
TOTAL CURRENT LIABILITIES		**799,488**	586,784
NON-CURRENT LIABILITIES			
Lease liabilities	7	**872,838**	931,053
Non-interest-bearing liabilities	6	**309,334**	-
Long-term provisions		**19,809**	25,044
TOTAL NON-CURRENT LIABILITIES		**1,201,981**	956,097
TOTAL LIABILITIES		**2,001,469**	1,542,881
NET ASSETS		**9,210,242**	9,755,760
EQUITY			
Issued capital	8	**48,720,460**	48,697,744
Reserves		**890,237**	739,007
Accumulated losses		**(40,400,455)**	(39,680,991)
TOTAL EQUITY		**9,210,242**	9,755,760

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

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Memphasys Limited and its Controlled Entities

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

	Note	Issued capital $	Share options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020		**48,697,744**	**739,007**	**(39,680,991)**	**9,755,760**
Loss for the period		-	-	(719,464)	(719,464)
Total comprehensive loss for the period		**-**	**-**	**(719,464)**	**(719,464)**
Transactions with owners recorded directly in equity:					
Issue of share capital		26,560	-	-	26,560
Transaction costs on share issue		(3,844)	-	-	(3,844)
Issue of share options		-	151,230	-	151,230
Balance 31 December 2020	8	**48,720,460**	**890,237**	**(40,400,455)**	**9,210,242**

	Note	Issued capital $	Share options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019		**43,424,091**	**1,451,272**	**(38,803,922)**	**6,071,441**
Loss for the period		-	-	(747,352)	(747,352)
Total comprehensive loss for the period		**-**	**-**	**(747,352)**	**(747,352)**
Transactions with owners recorded directly in equity:					
Issue of share capital		4,836,944	-	-	4,836,944
Transaction costs on share issue		(346,291)	-	-	(346,291)
Issue of share options		-	130,655	-	130,655
Transfer expired share options to Issued Capital		783,000	(783,000)	-	-
Transfer expired share options to Accumulated Losses		-	(256,810)	256,810	-
Balance 31 December 2019	8	**48,697,744**	**542,117**	**(39,294,464)**	**9,945,397**

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

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Memphasys Limited and its Controlled Entities

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	Note	**Half-year 31 December 2020 $**	Half-year 31 December 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(598,400)**	**(580,603)**
Net proceeds from government grants		**1,343,092**	**1,103,264**
Net cash flows provided by operating activities		**744,692**	**522,661**
Cash flows from investing activities			
Interest received		**4,678**	**10,689**
Purchase of property, plant and equipment		**(18,676)**	**(148,129)**
Development expenditure		**(1,582,962)**	**(1,606,696)**
Net cash flows used in investing activities		**(1,596,960)**	**(1,744,136)**
Cash flows from financing activities			
Proceeds from issue of shares	8b	**26,560**	**4,543,905**
Share issue costs	8b	**(3,844)**	**(333,878)**
Repayment of lease liabilities		**(51,935)**	**(46,137)**
Net cash flows (used in) / provided by financing activities		**(29,219)**	**4,163,890**
Net (decrease) / increase in cash and cash equivalents		**(881,487)**	**2,942,415**
Cash and cash equivalents at beginning of period		**1,967,800**	**873,573**
Cash and cash equivalents at end of the half-year		**1,086,313**	**3,815,988**

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

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Notes to the consolidated interim financial statements

1. Reporting entity

Memphasys Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 30 Richmond Road, Homebush, NSW 2140, Australia. These consolidated interim financial statements as at and for the six months ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a for-profit entity and is primarily involved in the development of cell and protein separation devices, and associated consumables, for use in Healthcare, Veterinary and Biotechnology market sectors.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available at www.memphasys.com.

2. Basis of preparation

a) Statement of compliance

The half-year consolidated financial statements are a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Memphasys Limited and its controlled entities as at and for the half year ended 31 December 2020. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half-year period.

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements.

These consolidated interim financial statements were authorised for issue by the Board of Directors on 26 February 2021.

b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Whilst the Group remains focused on and committed to the commercialisation of the Felix device, the Group will continue to work on new niche, high potential product opportunities initially for animal use but also for potential human applications, with at least one diagnostic product for animal fertility to be accelerated into prototype production the next few months. To complete these activities, the Group will require additional funding.

The directors note further the following in relation to the financial affairs of the Group:

- The Group made a net loss of $719,464 for the half year ended 31 December 2020.
- For the half year ended 31 December 2020 the consolidated entity had net cash outflows from combined operating activities and investing activities of $852,268.
- At 31 December 2020 the Group had net working capital of $1,308,781 and a cash balance of $1,086,313.
- At 31 December 2020 the Group had net assets of $9,210,242.

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The Directors believe that the Group will continue as a going concern, and accordingly have prepared the financial statements on a going concern basis after considering the following:

- The Company plans to undertake a capital raising in the second half of FY 21 to fund working and development capital.
- The Company expects to receive in September 2021 a tax refund of approximately $1,700,000 from the Australian Tax Office for eligible research and development activities carried out in the financial year ending 30 June 2021 under the research and development tax credit scheme.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, there is a material uncertainty as to whether the Group may in the future be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. A list of controlled entities is contained in Note 25 to the financial statements for the year ended 30 June 2020. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the half-year then ended. Where controlled entities have entered or left the Group during the half-year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Company.

d) Foreign currency transactions

At each end of the reporting period:

- Foreign currency monetary items shall be translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the translation; and

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- Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

e) Judgement and estimates

In preparing these interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

g) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191. Accordingly, amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest $1, unless otherwise specified.

3. Significant accounting policies

The accounting policies applied in the interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 30 June 2020.

4. Non-Current Assets - Property, Plant & Equipment

	Property, Plant and Equipment	Total
	$	$
Carrying amount at 1 July 2020	208,464	208,464
Additions	483,597	483,597
Depreciation	(51,218)	(51,218)
Carrying amount at 31 December 2020	**640,843**	**640,843**

5. Non-Current Assets – Intangible Assets

	31 December 2020	30 June 2020
	$	$
Carrying amount at the beginning of the period	6,546,093	4,655,316
Internally developed expenditure	1,665,445	3,137,262
ATO Tax Incentive - deferred income for the period	(664,787)	(1,246,485)
Carrying amount at the end of the period	**7,546,751**	**6,546,093**

6. Non-interest-bearing Liabilities

	31 December 2020	30 June 2020
Current	$	$
Loans from third parties - unsecured	181,000	26,334
Total current non-interest-bearing liabilities	**181,000**	**26,334**

Analysis of current debt

31 December 2020	Currency	Year of maturity	Carrying value $
Third party loan unsecured – Ms Chang Sew Ying Alison	AUD	At call	26,334
Third party loan unsecured – W&S Plastics Pty Ltd *	AUD	2022	154,666
Total current debt at 31 December 2020			**181,000**

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30 June 2020	Currency	Year of maturity	Carrying value $
Third party loan unsecured – Ms Chang Sew Ying Alison	AUD	At call	26,334
Total current debt at 30 June 2020			**26,334**

* Current portion of debt for building the cleanroom in the premises of W&S Plastics Pty Ltd. The total debt, which totals $464,000 including the non-current portion, is currently under discussion with W&S Plastics and additional payments are expected in excess of the original amount due to some extra requirements for operating within a cleanroom environment.

	31 December 2020 $	30 June 2020 $
Non-current		
Loans from third parties - unsecured	309,334	-
Total current non-interest-bearing liabilities	**309,334**	**-**

Analysis of non-current debt

31 December 2020	Currency	Year of maturity	Carrying value $
Third party loan unsecured – W&S Plastics Pty Ltd *	AUD	2023	309,334
Total non-current debt at 31 December 2020			**309,334**

* Non-current portion of debt for building the cleanroom in the premises of W&S Plastics Pty Ltd.

7. Right-of-Use Asset and Lease liability

At 31 December 2020 the Group had the following lease arrangements:

- lease for its production and commercial properties in Australia. This is a non-cancellable lease and has a remaining non-cancellable lease term of 5 months. In December 2018 the Group signed with the lessor a deed of variation to the lease agreement adding an option to renew the lease for a further two (2) terms of three (3) years each, being the first term from 1 June 2021 expiring 31 May 2024, and the second term from 1 June 2024 expiring 31 May 2027.
- lease for purchase of telephone equipment. The remaining lease term is 3 months.

	31 December 2020 $	30 June 2020 $
Lease assets		
Carrying amount of lease assets, by class of underlying asset:		
Building under lease agreements classified within Right-of-use Assets		
At cost	1,127,197	1,127,197
Accumulated depreciation	(211,349)	(140,900)
	915,848	**986,297**
Equipment under lease agreements classified within Fixed Assets		
At cost	21,300	21,300
Accumulated depreciation	(20,294)	(18,105)
	1,006	**3,195**
Total carrying amount of lease assets	**916,854**	989,492

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Lease liabilities		
Equipment lease liabilities	**1,006**	2,974
Property lease liabilities	**110,150**	103,869
Current lease liabilities	**111,156**	106,843
Property lease liabilities	**872,838**	931,053
Non-current lease liabilities	**872,838**	931,053
Net carrying amount of lease liabilities	**983,994**	1,037,896

8. Share capital

a) Share capital

	December 2020 Shares	June 2020 Shares	**December 2020 $**	June 2020 $
Ordinary Shares – fully paid	**754,773,880**	753,973,880	**48,720,460**	48,697,744

b) Movements in ordinary share capital of the company during the half-year were as follows:

	Dec 2020 Shares	Jun 2020 Shares	**Dec 2020 $**	Jun 2020 $
Balance at beginning of half-year	**753,973,880**	550,133,718	**48,697,744**	43,424,091
Share issue under share placement	**-**	169,867,890	**-**	3,906,961
Share issue on conversion of loans	**-**	12,740,806	**-**	293,039
Exercise of options	**800,000**	21,231,466	**26,560**	636,944
Transfer of expired options reserves	**-**	-	**-**	783,000
	754,773,880	753,973,880	**48,724,304**	49,044,035
Less issue costs			**(3,844)**	(346,291)
Balance at end of half-year	**754,773,880**	753,973,880	**48,720,460**	48,697,744

9. Related Party Transactions

Transactions with key management personnel

Key management personnel received total compensation of $433,909 for the six months ended 31 December 2020 (six months ended 31 December 2019: $334,502). The difference relates to the increase in performance options of $55,129 (due to achieving its 2nd tranche on 31 September 2020) combined with the increase in Alison Coutts, Nick Gorring and Pablo Neyertz' salaries in the six-month period ended 31 December 2020.

Options to key management personnel

Value of options over ordinary shares vested, exercised and lapsed for key management personnel as part of compensation during the six-month period ended 31 December 2020 is set out below:

Name	Value of options granted during the period $	Value of options exercised during the period $	Value of options lapsed during the period * $	Remuneration consisting of options for the period %
Alison Coutts	101,385	-	152,078	36.68
Nick Gorring	6,337	-	11,406	7.87
Pablo Neyertz	2,535	-	2,535	3.29

* Options lapsed due to performance options tranche 3 milestone (the sale of Felix to at least 50% - in number - of the Key Opinion Leaders in any one of the Company's initial two market jurisdictions by 31 December 2020) not been achieved.

10. Fair Value

The carrying amounts of cash and cash equivalents, other current assets, trade and other payables and current borrowings are assumed to approximate their fair values due to their short-term nature.

11. Events Subsequent to Reporting Date

No events occurred subsequent to 31 December 2020.

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Directors' Declaration

In the opinion of the directors of Memphasys Limited ("the Company"):

1. The consolidated financial statements and notes, as set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:

   a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

   b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Alison Coutts
Executive Chairman

Sydney
26 February 2021

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MEMPHASYS LIMITED AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MEMPHASYS LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Memphasys Limited and the entities it controlled during the period.

ROD SHANLEY

Partner

PITCHER PARTNERS

Sydney

26 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MEMPHASYS LIMITED
REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Memphasys Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 accompanying half-year financial report of Memphasys Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 2(b) Going Concern where the directors have stated that the Group is dependent on the raising of additional funds for working capital and to continue to develop and commercialise the technology.

These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MEMPHASYS LIMITED
REPORT ON THE HALF-YEAR FINANCIAL REPORT

Responsibility of the Directors for the Financial Report

The directors of the consolidated entity 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 Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 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*.

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.

ROD SHANLEY
Partner

PITCHER PARTNERS
Sydney

26 February 2021

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Corporate Directory

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ABN 33 120 047 556

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Andrew Goodall	Non-Executive Director
Shane Hartwig	Non-Executive Director
Paul Wright	Non-Executive Director

Company Secretary
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