



Ionic Industries Limited

ACN 168 143 324

Interim Report - 31 December 2020

Ionic Industries Limited
Contents
31 December 2020



Corporate directory	2
Directors' report	3
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	12
Independent auditor's review report to the members of Ionic Industries Limited	13



Directors	Mr Peter Armitage (Executive Chairman) Mr Simon Savage (CEO and Executive Director) Mr Neil Wilson (Non-Executive Director) Mr Zhongming Hong (Non-Executive Director)
Company secretary	Ms Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205 Ph: +61 3 9692 7222
Auditor	William Buck Level 20, 181 William Street Melbourne Victoria 3000 Telephone: +61 3 9824 8555
Website	www.ionicindustries.com.au
Share register	Link Market Services Limited Tower 4, 727 Collins Street Docklands, VIC 3008 Ph: 1300 554 474



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Ionic Industries 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 31 December 2020.

Directors

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

Mr Peter Armitage (Executive Chairman)
Mr Simon Savage (CEO and Executive Director)
Mr Neil Wilson (Non-Executive Director)
Mr Zhongming Hong (Non-Executive Director)

Principal activities

During the period the principal continuing activities of the Company consisted of graphene research and development.

There are two primary streams of activity: water treatment and supercapacitors.

The water treatment work consisted of finishing the partially government-funded CRC-P project on graphene oxide materials for water and wastewater treatment and establishing a jointly held business ("NematiQ") for the ongoing commercialisation of the technology with Clean TeQ Ltd.

The supercapacitor work involved further development of commercial prototype devices to demonstrate the value and potential for graphene materials to be used in supercapacitors. The company also carried out a review of other potential graphene technologies with its research partners including graphene membranes for gas separation and graphene oxide barrier coatings.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$270,278 (31 December 2019: \$1,075,214). This includes share based payments of \$110,681 and depreciation expense of \$5,805.

The net assets of the Company increased by \$1,683,641 to \$1,555,314 as at 31 December 2020 (30 June 2020: net liabilities of \$128,327).

Working capital, being current assets less current liabilities, increased by \$1,690,232 to a surplus of \$1,549,532 (30 June 2020: deficiency of \$140,700). The Company had negative cash outflows from operating activities for the period of \$189,937 (31 December 2019: \$145,814 cash outflow). The total cash and cash equivalents at the end of the financial half-year amounted to \$1,639,189 (31 December 2019: \$341,357).

Significant changes in the state of affairs

On 11 November 2020, the Company issued 19,935,085 fully paid shares at an issue price of \$0.005 (0.50 cents) per share in settlement of the consulting fees amounting to \$99,675 (before costs).

On 11 December 2020, the Company issued 271,163,332 fully paid shares at an issue price of \$0.075 (0.75 cents) per share raising \$2,033,725 (before costs).

On 11 December 2020, the Company issued 20,685,000 fully paid shares at an issue price of \$0.075 (0.75 cents) per share to settled the corporate advisor fees.

There were no other 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 21 January 2021, the Company announced that William Buck Audit (Vic) Pty Ltd had been appointed as the auditor of the Company following the resignation of Grant Thornton Audit Pty Ltd, and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001.



The impact of the Coronavirus (COVID-19) pandemic is ongoing, and while it has been financially negative for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the State and Federal Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Peter Armitage", written over a horizontal line.

Mr Peter Armitage
Executive Chairman

12 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF IONIC INDUSTRIES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 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

A. A. Finnis

A. A. Finnis
Director

Melbourne, 12 March 2021

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
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williambuck.com

Ionic Industries Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Consolidated	
Note	31 December 2020	31 December 2019
	\$	\$
Other income		
Research & development tax concession	71,296	88,530
Government grant	10,000	-
	<u>81,296</u>	<u>88,530</u>
Expenses		
Corporate expenses	(76,794)	(88,875)
Employee benefits expense	(125,240)	(94,623)
Depreciation expense	(5,805)	(5,736)
Share based payments	(110,681)	(885,785)
Other expenses	(3,555)	(23,919)
Finance costs	(3,113)	(6,681)
Research and development costs	(26,386)	(58,125)
	<u>(270,278)</u>	<u>(1,075,214)</u>
Loss before income tax expense	(270,278)	(1,075,214)
Income tax expense	-	-
	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Ionic Industries Limited	(270,278)	(1,075,214)
Other comprehensive income for the half-year, net of tax	-	-
	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Ionic Industries Limited	<u>(270,278)</u>	<u>(1,075,214)</u>

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

Ionic Industries Limited
Statement of financial position
As at 31 December 2020



	Consolidated	
	31 December	30 June
Note	2020	2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,639,189	21,453
Trade and other receivables	177,897	282,478
Deposits for plant and equipment	54,724	-
Total current assets	<u>1,871,810</u>	<u>303,931</u>
Non-current assets		
Plant and equipment	15,632	20,554
Total non-current assets	<u>15,632</u>	<u>20,554</u>
Total assets	<u>1,887,442</u>	<u>324,485</u>
Liabilities		
Current liabilities		
Trade and other payables	272,953	297,598
Borrowings	-	102,696
Employee benefits	49,325	44,337
Total current liabilities	<u>322,278</u>	<u>444,631</u>
Non-current liabilities		
Employee benefits	9,850	8,181
Total non-current liabilities	<u>9,850</u>	<u>8,181</u>
Total liabilities	<u>332,128</u>	<u>452,812</u>
Net assets/(liabilities)	<u>1,555,314</u>	<u>(128,327)</u>
Equity		
Issued capital	3 6,311,585	4,357,666
Reserves	4 178,320	274,320
Accumulated losses	<u>(4,934,591)</u>	<u>(4,760,313)</u>
Total equity/(deficiency)	<u>1,555,314</u>	<u>(128,327)</u>

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

Ionic Industries Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued Capital \$	Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	2,903,277	818,509	(3,460,516)	261,270
Loss after income tax expense for the half-year	-	-	(1,075,214)	(1,075,214)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,075,214)	(1,075,214)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	517,500	-	-	517,500
Share-based payments	885,785	-	-	885,785
Transfer to accumulated losses due to expiry, cancellation or forfeiture of options	-	(544,189)	544,189	-
Balance at 31 December 2019	<u>4,306,562</u>	<u>274,320</u>	<u>(3,991,541)</u>	<u>589,341</u>
Consolidated	Issued Capital \$	Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	4,357,666	274,320	(4,760,313)	(128,327)
Loss after income tax expense for the half-year	-	-	(270,278)	(270,278)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(270,278)	(270,278)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 3)	1,843,238	-	-	1,843,238
Share-based payments	99,675	-	-	99,675
Share-based payments accrual	11,006	-	-	11,006
Transfer to accumulated losses due to expiry, cancellation or forfeiture of options	-	(96,000)	96,000	-
Balance at 31 December 2020	<u>6,311,585</u>	<u>178,320</u>	<u>(4,934,591)</u>	<u>1,555,314</u>

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

Ionic Industries Limited
Statement of cash flows
For the half-year ended 31 December 2020



Note	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from research and development tax concession	278,018	325,107
Payments to suppliers and employees (inclusive of GST)	(477,955)	(470,921)
Other income	10,000	-
Net cash used in operating activities	<u>(189,937)</u>	<u>(145,814)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,331)	(1,681)
Payments for shareholder loan with investment	-	(177,500)
Net cash used in investing activities	<u>(1,331)</u>	<u>(179,181)</u>
Cash flows from financing activities		
Proceeds from issue of shares	2,033,725	550,500
Proceeds from/ repayment of borrowings	(102,696)	(127,882)
Share issue transaction costs	(122,025)	(33,000)
Net cash from financing activities	<u>1,809,004</u>	<u>389,618</u>
Net increase in cash and cash equivalents	1,617,736	64,623
Cash and cash equivalents at the beginning of the financial half-year	<u>21,453</u>	<u>276,734</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,639,189</u></u>	<u><u>341,357</u></u>

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

Note 1. General information

Ionic Industries Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
 South Melbourne
 VIC 3205

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 12 March 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 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 30 June 2020.

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. The adoption of these standards did not have a material impact upon the company.

Note 3. Equity - issued capital

	31 December 2020	Consolidated		30 June 2020
	Shares	30 June 2020	31 December 2020	30 June 2020
		Shares	\$	\$
Ordinary shares - fully paid	1,314,283,882	982,500,465	6,311,585	4,357,666

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	982,500,465		4,357,666
Director fees and consulting fees settled with shares	24 November 2020	19,935,085	\$0.005	99,675
Capital raising	11 December 2020	271,163,332	\$0.075	2,033,725
Corporate advisory fees settled by shares	11 December 2020	40,685,000	\$0.075	305,317
Capital raising costs		-	\$0.000	(484,798)
Balance	31 December 2020	<u>1,314,283,882</u>		<u>6,311,585</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 3. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share based payments

Share based payments for the period ended 31 December 2020 amounted to \$110,681 (December 2019: \$885,785). This was made up of \$99,675 director fees settled by shares in 24 November 2020 and the remaining \$11,000 is for consulting and director fees due to be settled by shares.

Note 4. Equity - reserves

	Consolidated	
	31 December	30 June
	2020	2020
	\$	\$
Share based payments reserve	<u>178,320</u>	<u>274,320</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 5. Equity - dividends

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

Note 6. Contingent liabilities

There were no contingent liabilities at 31 December 2020 and 30 June 2020.

Note 7. Commitments

The consolidated entity has commitments to fund its joint venture in Nematiq Pty Ltd cash for working capital purposes as and when required by the operation.

If these commitments are not paid, the consolidated entity's investment in the joint venture may be subject to dilution as a result of funds raised from other parties by Nematiq Pty Ltd.

The entity has paid a deposit of \$54,724 as disclosed in the statement of financial position and, as at 31 December 2020, has committed to pay the remaining \$54,724 by 30 June 2021 for the new PPE acquired.

Note 8. Events after the reporting period

On 21 January 2021, the Company announced that William Buck Audit (Vic) Pty Ltd had been appointed as the auditor of the Company following the resignation of Grant Thornton Audit Pty Ltd, and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and while it has been financially negative for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the State and Federal Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 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.

Ionic Industries Limited
Directors' declaration
31 December 2020



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 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 31 December 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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Peter Armitage", written over a horizontal line.

Mr Peter Armitage
Executive Chairman

12 March 2021

Ionic Industries Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ionic Industries 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 group), which comprises the consolidated statement of financial position as at 31 December 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, 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 Ionic Industries 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 31 December 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*.

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 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.

Responsibility of Management for the 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.

ACCOUNTANTS & ADVISORS

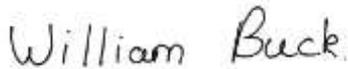
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Auditor's Responsibilities for the Review of the Financial Report

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 Company'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.



William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



A. A. Finnis

Director

Melbourne, 12 March 2021