

**PurifloH Limited**

ABN: 11 124 426 339

**Reporting Period:** For the year ended 30 June 2019

**Previous Period:** For the year ended 30 June 2018

**Principal Activities and Review of Operations**

Results for Announcement to Market	\$ Change	% Change	12 months to 30 June 2019 \$	12 months to 30 June 2018 \$
Revenue from ordinary activities	Nil	0%	Nil	Nil
Profit/(loss) after tax from ordinary activities attributable to members	(2,722,743)	421.8%	(3,368,196)	(645,453)
Profit/(loss) attributable to members	(2,722,743)	421.8%	(3,368,196)	(645,453)

Earnings Per Share	30 June 2018 Cents	30 June 2018 Cents
Basic loss per share - weighted average	-11.251	-2.686
Diluted loss per share - weighted average	-11.251	-2.686

Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Net Tangible Asset Backing per Ordinary Share	Cents
Net tangible asset backing per ordinary share – current reporting period	17.31
Net tangible asset backing per ordinary share – previous reporting period	-1.63

**Commentary on the Results for the Period**

The group has reported a net loss for the 12 months to the year ending 30 June 2019 of \$3,368,196. The loss results from normal operating expenses of the company. It also reflects increasing activity compared to previous years. Further it should be noted that the EPS and NTA per share are impacted by a significant capital raise of A\$9.6M announced on 07 November 2018.

Further commentary on the company's results for the year can be found in the section headed 'Operating and Financial Review' on page 6 of the Directors Report included in the attached general purpose financial report for the year ended 30 June 2019.

**Attachments**

The following documents are attached:

- The Annual Report of PurifloH Limited for the year ended 30 June 2019.

**Audit Status**

The 30 June 2019 financial report and accompanying notes for the company have been audited and are not subject to any disputes or qualifications.

**Control gained over entities**

On the 23<sup>rd</sup> of October 2018 the Company established an entity called PurifloH (USA) Incorporated. PurifloH (USA) was established as a key corporate structure to manage the US operations where most of the Company's activities are likely to occur.

**Loss of control over entities**

None

**Current period**

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

**Previous period**

There were no dividends paid, recommended or declared during the previous period

**Dividend reinvestment plans**

None

**Details of associates and joint venture entities**

None

**Foreign entities**

On the 23<sup>rd</sup> of October 2018 the Company established an entity called PurifloH (USA) Incorporated. PurifloH (USA) was established as a key corporate structure to manage the US operations where most of the Company's activities are likely to occur.

**Any other significant information**

None



Steven Morris  
Chairman

Dated at Melbourne this 31st day of August 2019.



# ANNUAL REPORT

For the 12 months to  
30 June 2019

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# CORPORATE DIRECTORY

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

## PuriflOH Limited

ABN: 11 124 426 339

## Directors

**Mr Steve Morris** (Non-Executive Chairman)

**Mr Simon Lill** (Executive Director)

**Mr Steve Annear** (Executive Director)

**Ms. Lucia Cade** (Non-Executive Director)

**Mr William Parfet** (Non-Executive Director) (appointed 7 November 2018)

## Company Secretary

**Mr Simon Lill**

## Registered Office

Level 3, 2-4 Ross Place,  
South Melbourne, Victoria 3205

Telephone : (03) 9673 9690

Facsimile: (03) 9673 9699

Email: [corporate@PuriflOH.com](mailto:corporate@PuriflOH.com)

Website: [www.PuriflOH.com](http://www.PuriflOH.com)

## Securities Exchange Listing

The Company's securities are listed on the official list of the Australian Securities Exchange Limited.

ASX Stock Code: PO3

## Share Registry

Link Market Services  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

Phone: 1300 554 474 or (02) 8280 7111

International: +61 2 8280 7111

Fax: (02) 9287 0303

Fax: (02) 9287 0309 (for proxy voting)

## Auditors

PKF Brisbane Audit  
Level 6,  
10 Eagle Street  
BRISBANE QLD 4000

## Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

# CHAIRMAN'S LETTER

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

Dear Shareholder,

It gives me pleasure to present to you the Annual Report of PuriflOH Limited for the 2018/19 Financial Year.

We commenced the year on a positive note given the development progress being made on the FRG technology by our technology partner, Somnio Global LLC. This provided us with the confidence to move forward on a commercialization path. That path required formalization of a fuller License Agreement with the Somnio Group, and additional capital for the implementation process. Both of these were delivered in the first half of the year.

Consequently, an investment of A\$9.6M was secured in November 2018 and associated with this was the appointment of Mr Bill Parfet to the Board. The Board welcomes Mr Parfet's experience and believes he will be a strong asset to the company.

This led to the finalization and execution of a detailed and formal Licence Agreement between PuriflOH Limited, Somnio Global Holdings LLC and Somnio Global LLC, executed following the Company's capital raising.

It further provided an acceleration of development work associated with commencement of discussions and testwork with a range of OEMs. This was always part of the Company's commercial development planning and perhaps the most significant area of progress albeit one that binds the Company to the highest levels of confidentiality.

Work to date has moved from the demonstration of our technology with a group of multinational companies in a range of industries, to that of active engagement in specific trials related to the application of the FRG technology into their products. These trials are progressing well and it is a process that requires a program of product applications development by the team at Somnio. The Company owes much to the continued work of Dr Pravansu Mohanty and his team at Somnio Global LLC, in particular to their ability to respond to the OEM requirements.

The Company remains focused on successful completion of these trials and conversion to commercial agreements and we have bolstered resources at Somnio to ensure we can continue development work on all fronts.

As the focus of the Company's activities have increased in the U.S., the Board took the decision to apply for listing on the OTCQX exchange and this process has commenced.

Finally, I would like to thank the Board for their focus and collegiate approach in ensuring that implementation of our strategy continues to progress

We are fortunate that we have access to a technology platform that has many potential uses. This brings with it the need to continually refine the Company's strategy to ensure the best commercial outcome. I am confident we are meeting, and will continue to meet, that challenge.

I look forward to meeting all shareholders in attendance at the Company's 2019 AGM.

Yours Sincerely,



Steve Morris  
Chairman

31 August 2019

# DIRECTORS'

## REPORT

PuriflOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2019

Your directors submit their report on the consolidated entity comprising of PuriflOH Limited ("the company") and controlled entity ("the consolidated entity", "the Group") for the year ended 30 June 2019.

### Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are as follows. Where applicable, all current and former directorships held in public listed companies over the last three years have been detailed below:

Directors were in office for this entire period unless otherwise stated.

**Steve Morris**  
*Chairman and Non-Executive Director*

Mr. Morris has almost 30 years of experience at the most senior executive level in a range of industries including some 15 in Financial Markets. Currently Executive Director of Lucerne Investment Partners, he has held positions such as Head of Private Clients Australia for Paterson's Securities Ltd, Managing Director of Intersuisse Ltd and Senior Executive roles in the Little Group. He is the founder of Peloton Shareholder Services, offering management of shareholder-based capital raising and investor relations advice to many ASX listed companies. Mr. Morris also sits on the Board of Directors of the Melbourne Football Club and has recently resigned as a Non-Executive Director of ASX listed Company, De Grey Mining Limited.

**Simon Lill**  
*Executive Director*  
*Company Secretary*

Mr. Lill has a background of over 30 years of stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, in both the manufacturing and resources industries. He has assisted the Company since his appointment in its restructuring activities and was appointed in an executive role by the Board in November 2014.

In the 3 years prior to the date of this report Mr. Lill has been, or is, a director of the following:

- De Grey Mining Limited (appointed 2 October 2013, continuing)
- Mejority Capital Limited (appointed 18 May 2010, continuing)
- XPD Soccer Gear Group Limited (appointed 29 March 2018, continuing)

**Steve Annear**  
*Executive Director*

Mr. Annear is responsible for the management of PuriflOH's relationship with its technical partner, Somnio Global LLC. His role at Somnio includes execution of the Company's business plan and the development and deployment of its commercial strategies. Prior to joining Somnio, Mr. Annear enjoyed a successful career in senior leadership roles in large industrial companies in Australia. This experience has included mergers, acquisitions, supply chain transformations, various strategic change programs and most recently, the sale of Atlas Steels where he was an equity partner and Managing Director.

Mr. Annear has had no previous ASX listed directorships.

**Lucia Cade**  
*Non - Executive Director*

Ms Cade is a non-executive director with an executive career in utilities, infrastructure and professional engineering services in sectors which are expected to be large scale commercial targets for PuriflOH's developing technologies.

Her directorships include Chairman of South East Water, a water utility owned by the Victorian government, Carbon Revolution P/L and Engineers Australia.

**William Parfet**  
*Non-Executive Director – Appointed 7 November 2018*

Mr. Parfet currently serves as the Chairman and CEO of Northwood Group, which includes the investment arm of his family office. He served as Vice Chairman of the Board of the Upjohn Company where he was also President (1991-1993) and Executive Vice President (1989-1991).

Mr. Parfet joined The Upjohn Company (now recognized as Pfizer) in March 1973 and was a member of the Board of Directors from 1985 through 2003. He also served as the Independent Lead Director for Stryker Corporation, Director for Monsanto Company, Director for Consumers Energy, and Director for Taubman Company. Most recently he served as the Executive Chairman of inviCRO LLC in Boston which was sold to Konica Minolta in 2017.

# DIRECTORS'

## REPORT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

### Dividends

No dividends were paid or declared for payment from the beginning of the financial period to the time of issuing this report.

### Principal Activities

PuriflOH Limited ("PuriflOH", "PO3" or "Company"), in conjunction with the Somnio Group, is developing its Free Radical Generator ("FRG") technology for a range of applications across three opportunities:

- Indoor air purification;
- Water sanitation; and
- Medical sterilisation.

The FRG technology produces a range of Reactive Oxygen Species ("ROS") that include the hydroxyl radical ( $OH^\cdot$ ), superoxide radical ( $O_2^{\cdot-}$ ), oxygen radical ( $O^\cdot$ ) and the ozone molecule – all of which are amongst the most highly oxidative species known as indicated by the table below.

Oxidizing Agent	Oxidation Potential (V)
Fluorine	3.06
Hydroxyl radical	2.80
Oxygen (atomic)	2.42
Ozone	2.08
Hypochlorite	1.49
Chlorine	1.36
Hydrogen peroxide	1.78
Chlorine dioxide	1.27
➤ Oxygen (molecular)	1.23

The effectiveness of oxidising radicals in purification, sanitation and sterilisation has long been known. The challenge for widespread adoption has been reliable and cost-effective production of the radicals themselves. The radicals have a short half-life and as a result they cannot be stored nor transported. To deploy and maximise the power of these radicals requires a robust, reliable and cost effective in-situ production system.

The Company's development program aims to provide systems with these characteristics. Using one flexible core technology, the objective of these applications is the purification of air, the purification of water and then ability to sterilize medical equipment and facilities.

Currently the Company is undergoing trialling of the FRG technology in these applications which in some circumstances, depending on the specific application, requires optimisation of the existing core technology to maximise performance.

## Operating and Financial Review

### Company Overview

The company has reported a net loss for the 12 months to 30 June 2019 of (\$3,368,196). (30 June 2018: net loss of \$645,453)

The net operating cash-flow deficit for the 12 months to 30 June 2019 was (\$3,472,151). (30 June 2018: deficit of \$624,477).

The Company's loss has increased from the previous 12-month period as it has ramped up development work as it moves towards commercialization of the FRG technology. The Company expenses its fees paid to Somnio Global LLC as part of its Licence Agreement.

The Company has also set up an operating subsidiary in the United States, PuriflOH (USA) Inc. We are fortunate that our Technology Partner is domiciled in Detroit, Michigan, which is a centre of manufacturing excellence and also on the doorstep of the world's largest market for the products we anticipate taking to commercialization. We expect to concentrate most of our activities on this market in the different operational sectors that we are targeting. This is also underpinning recent decisions to provide access to the US investment market through a listing on the OTCQX.

### Key Highlights:

1. Finalised all outstanding convertible note payments through the issue of shares as advised to the ASX on 5 July 2018. Following the raising referred to in 2 below, this Convertible Note facility was withdrawn by mutual agreement.
2. Raised A\$9.6M through the issue of 4 million shares to Upjohn Laboratories LLC of Michigan at a price of A\$2.40 per share;
3. Appointed Mr Bill Parfet to the Board of PuriflOH;
4. Executed a fuller and more formal Licensing Agreement with Somnio Global Holdings LLC ("SGH") as the owner of the IP and patents associated with the technology, and Somnio Global LLC ("SG") as the provider of ongoing research and development services, collectively the Somnio Group, replacing the existing Heads of Agreement under which the parties had previously been operating.

The License Agreement governs:

- a. PuriflOH's exclusive global rights to commercialise SGHs' Free Radical Generation (FRG) technology within the defined fields of use, which are:
  - The treatment of all water and fluids.
  - Air purification and disinfection.



- Biofilm disinfection and facility sterilisation.
  - b. The relationship between PuriflOH and SG as its Technical Service Provider. SG will provide ongoing specific research, technical and product development services through a research and development plan that has been jointly developed by the parties. This plan is designed to further progress the FRG technology, its various products and their processes towards commercialization.
  - c. Access to complementary technology that may be developed and protected by the Somnio Group that could enhance the performance of PuriflOH's product suite.
5. Commenced work on eliminating Tuberculosis Bacteria in two facilities in Hyderabad, India, being the Government General and Chest Hospital and the Bhaskar Medical College.
  6. Finalised all outstanding payments to Dilato Holdings Pty Ltd as shown in the 30 June 2018 accounts, effectively being debt free other than some outstanding funds owed to Directors which the Directors have agreed to convert to equity, subject to shareholder approval at the Company's AGM;
  7. Supported the lodgement by SGH of an additional patent in September 2018 followed by a global patent application thereby expanding the protection of the core asset. The Patent Application has now been published on the United States Patent and Trademark Office's website and is now subject to public review.

## Applications Development Programs

Consistent with its commercial strategy, the Company is working with Somnio to develop systems that utilize the core FRG technology in specific applications. The performance levels of these applications are developed through an understanding of the competitive landscape in each market segment and through engagement with each applicable industry.

### Indoor Air Purification

The Somnio Global technical development team were set the goals of providing a comprehensive air purification system that provides best-in-class performance against biological, particulate and volatile organic compound contaminants.

Development of this application is ongoing and trials have extended to different air impurities to demonstrate the FRG's ability to remove a range of contaminants that typically contribute to indoor air pollution.

The Company also announced the commencement of testwork in India, seeking to destroy airborne tuberculosis bacteria ("TB") that exist within the environments of TB treatment facilities. Pilot testing commenced at the Government Chest Hospital, Hyderabad, India, with initial results showing the presence of high levels of other organisms including aspergillus (mold) and bacteria along with the target *Mycobacterium Tuberculosis*. Coupled with complications resulting from the operating environment it was determined that the conditions were not able to provide strong enough baseline levels of airborne TB.

The trials have since moved to the Bhaskar Medical College and Hospital where there is access to a dedicated trial environment which allows for stricter control of the test zone.

### Water Sanitation – Recreational Water Systems

The Somnio technical development team were set the goals of providing a complete residential swimming pool water treatment system utilizing ROS produced by the FRG system with a key target to lower the dependency on chemicals to treat the water. The development of this product has focussed on improving the transfer efficiency of ROS laden gas with water flows that are typical in this application. As the system development has progressed Somnio has installed a prefabricated swimming pool of 54.4 cu m within its facility in which it has commenced testwork operations prior to the commencement of field trials.

The recreational water treatment system is currently being tested with this program aligned to the methods defined by the NSF International (NSF)/ANSI Standard 50. The NSF is the US based public health and safety organization for standards development and independent certification in the food, water, health science and consumer products sectors.

Initial results have been positive and on completion of in-house trials we will commence engagement with relevant stakeholders in the recreational water sector. The recreational water development program has been delayed due to the number of OEM based trials that are being conducted. PuriflOH has agreed with Somnio to access extra research resources, who have now been deployed to the overall program to accelerate the completion of development.

### Sterilization

Somnio has commenced prototype work, guided by a clear set of performance criteria which have been derived from feedback from the industry. When fully developed, the system is designed to deliver;

- High kill rates for bio contaminants
- Non-toxic; non carcinogenic and no chemical residue
- Complete distribution in target spaces, penetrating hard to access areas
- Short disinfection and recovery time
- Non-corrosive to equipment and structure and no risk of explosion

Much of the air purification system development has assisted the development of this product as the FRG technology platform remains the same. The sterilization system produces a range of Reactive Oxygen Species including very high levels of the hydroxyl ion as the primary sterilization agent.

## Commercialization

The Company continues to work with Original Equipment Manufacturers ("OEMs") on specific opportunities. Typically, these relationships operate under Non-disclosure agreements until such time as commercial contracts are agreed.

Large multinational OEM's are methodical in their approach to new technology though provide significant benefits as a channel to market as they have:

- Existing global supply chains which will reduce the cost of production of the technology while ensuring premium quality control.
- Global reach with established brands, able to fast track market penetration.
- Proven in the ability to distribute across the globe.
- Established product development expertise required to develop products that maximize the potential of the FRG technology.
- A range of products that leverage the scalable advantage of the technology.
- Deep industry and customer insight, assisting design improvements in the FRG system.

The Company's objective with the OEM segment is for the FRG technology to be incorporated inside their product suites, providing them the ability to offer a comprehensive air purification product.

Further the Company has recently announced approval by the Sustainable Melbourne Fund which can provide Environmental Upgrade Finance which is designed to promote sustainability and improvement in energy, water and environmental efficiency for building projects in Melbourne.

The Sustainable Melbourne Fund has approved a loan to assist the funding of the installation of PuriflOH air and water treatment systems in a hotel project. The FRG is considered to provide an environmental upgrade for a commercial establishment due to the potential improvements in indoor air quality and swimming pool water quality. This approval lays the groundwork for further opportunities within the commercial property sector.

## Commercialisation Risk

Many of the products the company is developing represent new, heretofore, unproven technology. Commercializing these products carries significant amounts of risk. Acquiring companies (PuriflOH's customers) need to validate the applications before they can be introduced to new markets and, in some cases, understand the impact on existing products that will be displaced by the new. This can be time consuming and require expensive on-going development costs. Investors should understand the risks as they try to ascertain probable future returns.

## Significant Changes in the State of Affairs

- The Company raised A\$9.6M in November 2018, through the placement of 4 million shares at a price of \$2.40 per share;
- Mr. W. (Bill) Parfet was appointed to the Company's Board of Directors;
- A detailed and formal Licence Agreement between PuriflOH Limited, Somnio Global Holdings LLC and Somnio Global LLC was executed;
- The commencement of in situ trials in Hyderabad, India as to the ability of the FRG technology to protect against the specific airborne bacteria, Tuberculosis;
- The acceptance from the Sustainable Melbourne Fund of the FRG technology as technology that promotes sustainability and improvement in energy, water and environmental efficiency for building projects in Melbourne. This acceptance comes by way of loan funds to the developer to assist the installation of the technology within the development – in this instance a hotel development in Melbourne; and
- The announcement of plans to move to an OTC Listing, with the application process commenced.

## Significant Events after the Balance Date

The Company has announced its plans for an OTCQX Listing and appointed B. Riley FBR as its Principal American Liaison Sponsor. The application process has commenced.

The Company announced the acceptance by the Sustainable Melbourne Fund of the FRG as suitable for financing assistance due to its ability to provide an environmental upgrade for a commercial establishment due to the potential improvements in indoor air quality and swimming pool water quality.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Likely Developments and Expected Results

The Company is moving towards the commercial development of the Free Radical Generator, specifically in the following areas:

- Indoor air purification;
- Water sanitation; and
- Surface sterilisation.

The commercialization timelines of new technology is typically uncertain and is subject to the trials and due diligence of interested parties.

# DIRECTORS'

## REPORT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

### Environmental Regulation and Performance

There have been no significant known breaches of the company's licence conditions or any environmental regulations to which it is subject.

### Share Options

#### Unissued shares

During the year ended 30 June 2019, there were no options issued, expired or on issue.

The Directors are owed various sums of money for outstanding Director Fees as at 30 June 2019. The Directors will be seeking approval from shareholders at the Company's AGM for the conversion of these outstanding amounts to equity.

#### Shares issued as a result of the exercise of options

No shares were issued as a result of the exercise of options during the financial period.

### Indemnification and Insurance of Officers and Auditor

During or since the financial period, the company has paid premiums in respect of a contract insuring all the directors of PuriflOH Limited against legal costs incurred in defending proceedings for conduct other than:

- (a) A wilful breach of duty
- (b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*

The Company has suitable Indemnification and Insurance of Officers and Auditors in place.

### Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Directors Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the numbers of meetings attended by each director were as follows:

Director	No. of Meetings eligible to attend	No. of Meetings attended
Steve Morris	5	5
Simon Lill	5	5
Steve Annear	5	5
Lucia Cade	5	5
William Parfet	3	2

### Committee Membership

As at the date of this report, the Board has not yet implemented any sub-committees for audit or governance purposes. It plans to implement such sub-committees in the current financial year.

### Remuneration Report (Audited)

This remuneration report for the twelve months ended 30 June 2019 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

There are no KMP's with Executive Agreements at the end of the Financial Period.

# DIRECTORS'

## REPORT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

Board payments were \$5,000 per month paid to the Chairman, Steve Morris, during the period 1 July 2018 to 30 June 2019. All other Directors were paid \$4,000 per month through the year ending 30 June 2019 for their Director roles. Mr. Simon Lill received an additional \$2,000 per month for his role as Company Secretary.

### Key Management Personnel

As at 30 June 2019

Mr. Simon Lill	Executive Director
Steve Annear	Executive Director

### Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has been guided by a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The Company's constitution and the ASX listing rules specify that the Non-Executive Director fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2009 annual general meeting (AGM) held on 30 July 2010 when shareholders approved an aggregate fee pool of \$350,000 per year. The Board may determine from time to time that these fees may be settled by the issue of shares and/or options.

### Details of Remuneration

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company, including all key management personnel as required by the *Corporations Act 2001*, for the 12 months to 30 June 2019 are below in Table 1 (2019) and Table 2 (2018).

The overall level of compensation takes into account the performance of the Company over a number of years and includes both financial and non-financial measures of performance. In the period since the current Board commenced their work the company has been relatively dormant and fees have been commensurate with limited activity.

#### Analysis of bonuses included in remuneration

There were no short-term cash bonuses paid during the reporting period or the prior reporting period.

#### Options over equity instruments granted as compensation

There were no options granted in the 12 months to 30 June 2019. (2018: Nil).

#### Key management personnel's interests in the company at the date of this report

As at the date of this Report the relevant interest of each director in the shares and options of the Company is as follows:

Director	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Steve Morris	266,472	-	-	-
Simon Lill	251,250	-	-	-
Steve Annear	250,000	-	-	-
Lucia Cade	-	-	-	-
William Parfet	-	5,271,601	-	-

### Company Performance and Remuneration

#### Company Performance

# DIRECTORS'

## REPORT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2019

The Company's Earnings Per Share (EPS), shown in the table below, is an indication of Company performance through the last 6 financial years, including the current period ended 30 June 2019.

	31 December 2014	30 June 2015	30 June 2016	30 June 2017 (Recalculated)	30 June 2018	30 June 2019
EPS (cents)	0.00	0.008	(0.016)	(1.24)	(2.686)	(11.251)

The Company listed on the Australian Securities Exchange ("ASX") on 30 December 2010. The Initial Public Offering ("IPO") issue price was \$0.25 and the closing price on 30 June 2018 was \$0.435. The Company's share capital was reconstructed on a 1 for 200 basis during the year, with the new shares commencing trading on 7 December 2017. 30 June 2017 EPS have been restated by applying the 1 for 200 capital reconstruction calculating the Weighted average number of shares used in the calculation of EPS.

A better measure of the Company's performance in the last 12 months is seen by the share price growth where the Company has increased from a share price of approximately \$0.50 to its current price of over \$5.00.

### Company Performance Link to Remuneration

There is no direct company performance measure determining fixed remuneration.

The Short Term Incentive Performance ("STIP") remuneration is determined by the achieving of key performance indicator targets advised to the participant prior to the commencement of each measurement period. The key performance indicators, yet to be determined, will measure individual and company performance.

The Long Term Incentive Performance remuneration is determined based on achievement of service and/or performance criteria. The criteria are still to be determined. The remuneration will be via incentive rights for the delivery of shares upon payment of an exercise price. The value of the incentive rights is therefore directly linked to the Company's share price and hence the Company's performance.

### Share based Remuneration of Key Management Personnel

There were no shares issued from the exercise of options awarded as remuneration during the period.

## Executive Contractual Arrangements

As a result of the overall capital and management restructuring, the Company did not have any outstanding management contracts during the year ended 30 June 2019. The Company appointed Mr. Simon Lill as Executive Director on 19 November 2014, effective as at 1 July 2014. It has not entered into any contractual arrangements with him. The Company has also appointed Mr. Steve Annear as Executive Director as at 1 January 2018. Mr. Annear is in charge of the US operations working closely with the Somnio group, whilst Mr. Lill is responsible for corporate activities within Australia.

### Other Contractual Arrangements

There are no other contractual arrangements with any key management personnel.

## Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 30 June 2019

	Short-term benefits				Post-employment benefits		Share-based payments		Total	Performance related
	Salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Other \$	Super-annuation \$	Retirement benefits \$	Options \$	Shares \$		
<b>Non-executive directors</b>										
Steve Morris	60,000	-	-	-	-	-	-	-	60,000	0%
Lucia Cade	48,000	-	-	-	-	-	-	-	48,000	0%
William Parfet	31,467	-	-	-	-	-	-	-	31,467	0%
<b>Total</b>	<b>139,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,467</b>	<b>0%</b>
<b>Executive directors</b>										
Simon Lill	72,000	-	-	-	-	-	-	-	72,000	0%
Steve Annear	48,000	-	-	-	-	-	-	-	48,000	0%
<b>Total</b>	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	<b>0%</b>

# DIRECTORS'

## REPORT

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Total	259,467	-	-	-	-	-	-	-	259,467	0%
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Table 2: Remuneration for the ended 30 June 2018

	Short-term benefits				Post-employment benefits		Share-based payments		Total	Performance related
	Salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Other \$	Super-annuation \$	Retirement benefits \$	Options \$	Shares \$		
<b>Non-executive directors</b>										
Steve Morris	33,000	-	-	-	-	-	-	-	33,000	0%
Lucia Cade	6,700	-	-	-	-	-	-	-	6,700	0%
<b>Total</b>	<b>39,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,700</b>	<b>0%</b>
<b>Executive directors</b>										
Simon Lill	48,000	-	-	-	-	-	-	-	48,000	0%
Steve Annear	35,250	-	-	-	-	-	-	-	35,250	0%
<b>Total</b>	<b>83,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,250</b>	<b>0%</b>
<b>Total</b>	<b>122,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,950</b>	<b>0%</b>

End of remuneration report.

### Auditor Independence and Non-Audit Services

Our auditor, PKF Brisbane Audit has provided the Board of Directors with an independence declaration in accordance with Section 307C of the *Corporations Act 2001*. The independence declaration is included on page 13.

#### Non-audit services

The directors confirm no non-audit services were provided by the entity's auditor, PKF Brisbane Audit.

Signed in accordance with a circular resolution of the directors.



Steve Morris  
Chairman  
Melbourne, 31 August 2019

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PURIFLOH LIMITED AND CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE



SHAUN LINDEMANN  
PARTNER

DATED THIS 31 AUGUST 2019  
BRISBANE



# CORPORATE GOVERNANCE STATEMENT

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## Corporate Governance Charter

The Board is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of the shareholders by whom it is elected and to whom it is accountable. The Board has adopted a Corporate Governance Charter to assist it in its corporate governance responsibilities.

The Board of directors of PuriflOH Limited is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of PuriflOH Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

## Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company would normally be delegated, by the Board, to the CEO and the executive management team. However, in order to focus the Company's financial resources on FRG development work, the operation and administration of the Company has been undertaken by the Board.

The Board has appointed Mr. Simon Lill to the role of Executive Director to manage the Australian corporate activities and report to the Board on all matters that the Board requests in a timely and detailed manner. Mr. Steve Annear has also been appointed as an Executive Director. Mr Annear works closely with Somnio Global Inc and is responsible for the commercialization and operational responsibilities in the USA.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it would usually make use of sub-committees. Specialist sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To date the Board has chosen to operate all such sub-committees through the Board, such that to that end the Board has ceased operation of both the Audit and Risk, and the Nomination and Remuneration committees. It is planning to re-implement such committees.

Other functions reserved to the Board include:

- Approval of the annual and half-yearly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

## Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers. These values are enshrined in the Board's Code of Conduct policy, which is available at [www.PuriflOH.com](http://www.PuriflOH.com)

The Code of Conduct policy requires all directors, management and employees to, at all times:

- act honestly and in good faith;

- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

## Expertise

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Members of the Board have been brought together to provide the qualifications, skills and experience required for managing a company commercializing and new technology.

## Board Composition

The Board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. The Board is chaired by Mr. Steven Morris who is independent and was appointed on 3<sup>rd</sup> September 2013. The Board comprises 5 Directors. As the Company's activities increase or reduce in size, nature and scope, the size of the Board and the optimum number of Directors required to adequately supervise the Company's activities, within the limitation imposed by the Constitution, will be reviewed periodically.

## Securities Trading Policy

A copy of the Company's security trading policy can be found on our website [www.PuriflOH.com](http://www.PuriflOH.com) which regulates dealings by all Directors and all executives and employees nominated by the Board (Restricted Persons). Persons nominated are to be listed in a schedule prepared and maintained by the Company Secretary and include the following:

- all Directors and all officers of the Company including a Managing Director;
- key executives including the Chief Financial Officer and any Director of a subsidiary of the Company;
- corporate and divisional accounting officers reporting directly to any of the above executives;
- secretaries and assistants performing confidential work and reporting to any of the above positions; and
- members of corporate staff who have access to Company financial results.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

## Committees and Responsibilities

Due to the current size and scale of operations the Board as a whole is currently operating all activities that may usually be delegated to a Committee.

## Corporate Governance Policies

The Company's Corporate Governance Charter contains, among others, 3 policies, namely the Code of Corporate Conduct, Securities Trading Policy and the Continuous Disclosure Policy. The Code of Corporate Conduct sets out the standard with which the Board, management and employees are encouraged to comply when dealing with each other, shareholders and the



# CORPORATE GOVERNANCE STATEMENT

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broader community. The Securities Trading Policy restricts Directors from dealing in Shares at inappropriate times or in appropriate circumstances. Finally, under the Continuous Disclosure Policy, Directors are required to notify of their interests in the Company and any material information must be communicated to the market in accordance with certain procedures.

## Risk Management

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so the Board has taken the view that it is crucial for all Board members to be a part of this process and as such, has not established a separate risk management committee.

For the purposes of assisting investors to understand better the nature of the risks faced by PuriflOH Limited, the Board considers operational risks as part of the Principle 7 disclosures. However, the Board notes that risks may be subject to change based on underlying market events such as.

- Fluctuations in commodity prices, exchange rates and demand volumes
- Political instability/sovereignty risk in some operating sites
- The occurrence of force majeure events by significant suppliers
- Increasing costs of operations, including labour costs
- Changed operating, market or regulatory environments as a result of climate change

However the Board notes that risks may be subject to change based on underlying market events such as.

- Fluctuations in commodity prices, exchange rates and demand volumes
- Political instability/sovereignty risk in some operating sites
- The occurrence of force majeure events by significant suppliers
- Increasing costs of operations, including labour costs
- Changed operating, market or regulatory environments as a result of climate change

## Shareholder Communications

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

PuriflOH Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about PuriflOH Limited's activities in a balanced and understandable way
- Complying with continuous disclosure obligations contained in the ASX listing rules and the *Corporations Act* in Australia
- Communicating effectively with its shareholders.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meetings
- Through shareholder meetings and investor relations presentations

- Through letters and other forms of communications directly to shareholders
- By posting relevant information on PuriflOH Limited's website: [www.PuriflOH.com](http://www.PuriflOH.com)

The Company's website has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

## Diversity

The company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to the development of a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

To this end, the Company supports the recommendations contained in the *ASX Corporate Governance Principles and Recommendations*.

Given the current size and scale of the Company operations its only personnel, as at this report, are its five (5) directors with the Board recognising gender diversity through the inclusion of Ms Lucia Cade.

## Performance Evaluation

Performance evaluations for each member of the KMP were not conducted during the reporting period ending 30 June 2019. These evaluations are likely to recommence during the current financial year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
<b>Revenue</b>			
Revenue from continuing operations		-	-
<b>Other Income</b>			
Interest income		70,994	2,119
Unrealised FX Gain		110,047	-
Debt forgiven		-	54,000
<b>Total Other Income</b>		<b>181,041</b>	<b>56,119</b>
Research and Development – Somnio		(2,302,989)	(201,083)
General and Admin – Somnio		(344,955)	-
Accounting and audit	5	(156,700)	(98,550)
Other Expenses	5	(728,923)	(383,514)
Finance costs		(2,460)	(18,425)
Realised FX Loss		(13,210)	-
<b>Total expense</b>		<b>(3,549,237)</b>	<b>(701,572)</b>
<b>Profit/(Loss) before income tax</b>		<b>(3,368,196)</b>	<b>(645,453)</b>
Income tax expense	6	-	-
<b>Net profit/(Loss) for the period</b>		<b>(3,368,196)</b>	<b>(645,453)</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(24,589)	-
<b>Total Comprehensive Income/(Loss) for the period</b>		<b>(3,392,785)</b>	<b>(645,453)</b>
<b>Attributable to owners of the parent entity</b>		<b>(3,392,785)</b>	<b>(645,453)</b>
Basic earnings Profit/(loss) per share (cents)	7	(11.251)	(2.686)
Diluted earnings Profit/(loss) per share (cents)	7	(11.251)	(2.686)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income above should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

PuriflOH Limited  
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	6,303,695	133,803
Trade and other receivables		10,636	9,184
Prepayments		8,086	3,520
<b>Total Current Assets</b>		<b>6,322,417</b>	<b>146,507</b>
<b>Non-Current Assets</b>			
Intangible assets - trade marks		64,698	16,320
<b>Total Non-Current Assets</b>		<b>64,698</b>	<b>16,320</b>
<b>Total Assets</b>		<b>6,387,115</b>	<b>162,827</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	889,324	624,580
<b>Total Current Liabilities</b>		<b>889,324</b>	<b>624,580</b>
<b>Total Liabilities</b>		<b>889,324</b>	<b>624,580</b>
<b>Net Assets/(Liabilities)</b>		<b>5,497,791</b>	<b>(461,753)</b>
<b>Equity/ (Shareholders' Deficit)</b>			
Contributed equity	10	83,961,448	74,609,117
Foreign exchange translation reserve		(24,589)	-
Accumulated losses		(78,439,068)	(75,070,870)
<b>Total Equity/ (Shareholders' Deficit)</b>		<b>5,497,791</b>	<b>(461,753)</b>

The Consolidated Statement of Financial Position above should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 30 June 2019

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	74,609,117	-	(75,070,870)	(461,753)
Profit/(Loss) for the period	-	-	(3,368,196)	(3,368,196)
Other comprehensive income	-	(24,589)	-	(24,589)
Total comprehensive income (loss) for the period	74,609,117	(24,589)	(3,368,196)	(3,392,785)
<b>Equity Transactions</b>				
Issue of shares during the year	9,600,000	-	-	9,600,000
Transaction costs net of tax	(289,712)	-	-	(289,714)
Share conversion	42,043	-	-	42,043
Balance at 30 June 2019	83,961,448	(24,589)	(78,439,068)	5,497,791

For the 12 months ended 30 June 2018

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	73,270,517	-	(74,425,417)	(1,154,900)
Profit/(Loss) for the period	-	-	(645,453)	(645,453)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(645,453)	(645,453)
<b>Equity Transactions</b>				
Issue of shares during the year	1,338,600	-	-	1,338,600
Transaction costs net of tax	-	-	-	-
Balance at 30 June 2018	74,609,117	-	(75,070,870)	(461,753)

The Consolidated Statement of Changes in Equity above should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the 12 months ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
<b>Cash flows related to operating activities</b>			
Interest Received		70,994	-
Payments for research and development and other working capital		(3,186,799)	(624,477)
<b>Net operating cash flows</b>	<b>12</b>	<b>(3,115,805)</b>	<b>(624,477)</b>
<b>Cash flows related to financing activities</b>			
Net proceeds from issue of shares		9,310,287	700,000
Repayment of borrowings		-	(20,000)
Proceeds from borrowings		-	72,000
<b>Net financing cash flows</b>		<b>9,310,287</b>	<b>752,000</b>
Net increase / (decrease) in cash held		6,194,481	127,522
Net foreign exchange differences		(24,589)	-
Cash and cash equivalents at beginning of the period		133,803	6,281
<b>Cash and Cash Equivalents at the end of the period</b>		<b>6,303,695</b>	<b>133,803</b>

The Consolidated Statement of Cash Flows above should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

The consolidated financial statements and notes represent those of PuriflOH Limited ("the Company" or "PO3") and its Controlled Entity ("the Consolidated Entity" or "Group").

The separate financial statements of the Parent Entity, PuriflOH Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 19.

PuriflOH Limited is a public company, incorporated and domiciled in Australia. The Company listed on the Australian Securities Exchange (ASX) on 30 December 2010.

PuriflOH Limited's registered office and principal place of business:  
Level 3, 2 - 4 Ross Place,  
South Melbourne, Victoria 3205

The financial report was authorised for issue in accordance with a resolution of the directors on 31 August 2019.

The nature of operations and principal activities of the Company are described in the Director's Report and Chairman's Review.

#### Basis of Preparation

PuriflOH Limited and its controlled entity is a for-profit entity for the purpose of preparing the financial statements.

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of historical cost except for derivative financial instruments which are carried at fair value. All amounts are presented in Australian dollars. Australian dollars is the Company's functional and presentation currency.

#### Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

#### Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (PuriflOH Limited) and all of the subsidiaries. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

#### Going Concern

The directors of the Group have prepared the Financial Report of the Group on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Directors note that the report shows a Net Loss for the year (\$3,368,196) (2018: net loss of \$645,453), with a net operating cashflow deficit of \$3,472,151 (2018: deficit of \$624,477)

The directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that despite the recorded loss and operating cash outflows for the year at the date of signing the financial report for the 12 months to 30 June 2019, the Group has sufficient funding for at least the next 12 months.

The Company has been in an active Research and Development phase with funds being spent supporting development and engagement with a number of OEMs. Any successful outcome of any of these discussions will provide for an improved outlook on cashflows and losses.

## 2. New and Amended Accounting Standards and Interpretations

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Group but applicable in future reporting periods.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related interpretations. It introduces a single lessee accounting model by eliminating the current requirements to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership.

The Group is currently finalising its assessment of the impact of AASB 16, however based on current lease arrangements in place, the impact will likely not be material.

### Changes in Accounting Policies Applied by the Group

AASB 9: Financial Instruments – Accounting Policies

This standard addresses the classification, measurement and recognition of financial assets (cash, trade receivables, other receivables) and financial liabilities, the impairment of financial assets and hedge accounting. In summary:

- (a) Classification and measurement – financial assets are required to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities the standard retains most of the previous standard requirements. There has been no change to the classification and measurement of financial assets and liabilities in the Group.
- (b) Impairment – the expected credit loss model for impairment of financial assets replaces the incurred loss model. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of the trade receivables. Application of this standard has not had a material impact on the carrying value of expected credit losses. No material impact was noted with respect to the opening provision therefore no adjustments have been made to opening balances.
- (c) Hedge accounting – the rules on hedge accounting have been amended to align accounting treatment with risk management practices of the reporting entity. There is no impact on the Group of the new standard.

AASB 15: Revenue from Contracts with Customers – Accounting Policies

The Group has determined that AASB 15 and AASB 9 currently has no material impact on the Company's accounts but will once sales activities have commenced.

## 3. Summary of Significant Accounting Policies

### (a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (b) Trade and other receivables

Loans and receivables are amounts due from GST receivable.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method.

For loans and receivables, the amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

### (c) Intangible Assets

#### Trademarks and licences

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 15 to 20 years.

## (d) Income Tax

### Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### Deferred Tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The benefit of these deferred tax assets is not recognised because it is not considered probable that sufficient taxable income will be derived in future periods against which to offset these assets. In particular, the benefit of the losses will only be obtained in future years if:

- (a) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (b) The Company has complied and continue to comply with the conditions for deductibility imposed by law; and
- (c) No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Tax Expense

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity.

## (e) Revenue and Other Income

### Revenue recognition

The Group will apply AASB 15: "Revenue from Contracts with Customers" using the cumulative effective method when the Group commences sales to Customers. AASB 15 has no material effect on the accounts to 30 June 2019.

### In the comparative period

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

### Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

## (f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.



Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(g) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Earnings per share**

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

**(i) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(j) Borrowing costs**

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(k) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences due to the uncertainty that future taxable profits will be available to utilise those temporary differences.

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## 5. Other Expenses and Accounting Expenses

Other Expenses	30 June 2019 \$	30 June 2018 \$
ASX Fees	58,380	33,820
Share Registry Services	16,526	11,780
Serviced Office	90,000	75,000
Legal Fees	26,330	26,765
Insurance	43,673	15,126
Directors Fees	281,144	122,950
Consulting - Other	127,500	53,743
Other	85,370	44,330
	<b>728,923</b>	<b>383,514</b>

Accounting and Audit Expenses	30 June 2019 \$	30 June 2018 \$
Accounting Fees	123,050	76,925
Audit Fees	33,650	21,625
	<b>156,700</b>	<b>98,550</b>

### Income Taxes

#### Income Tax Expense

The major components of income tax expenses are:	30 June 2019 \$	30 June 2018 \$
<u>Income statement</u>		
Current income tax charge / (benefit)	-	-
<u>Deferred income tax</u>		
Relating to tax losses and origination and reversal of temporary differences	(3,297,050)	(633,323)
Deferred tax assets not brought to account	3,297,050	633,323
<b>Income tax expense reported in comprehensive income statement</b>	<b>-</b>	<b>-</b>

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:	30 June 2019 \$	30 June 2018 \$
Accounting profit / (loss) before tax from continuing operations	(3,368,196)	(645,453)
<u>At the Company's statutory income tax rate:</u>		
Australia 27.5% (2018: 27.5%)	(926,254)	(177,500)
Adjustment for temporary differences (accruals)	19,566	3,336
Adjustment for amounts taxed at US rates (25.74%)	48,754	-
Net tax benefit utilised in the current period	(857,934)	(174,164)
Net tax benefit not recognised in the current period due to uncertainty of recoupment	857,934	174,164
<b>Income tax expense reported in comprehensive income statement</b>	<b>-</b>	<b>-</b>

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## Deferred Tax Assets

	Statement of Financial Position 30 June 2019 \$	Statement of Financial Position 30 June 2018 \$	Statement of Comprehensive Income 30 June 2019 \$	Statement of Comprehensive Income 30 June 2018 \$
Accruals and provisions	8,414	8,659	71,146	10,698
Losses	9,016,764	8,149,925	3,225,904	622,625
Deferred tax assets are not brought to account	9,025,178	8,158,584	(3,297,050)	(633,623)
<b>Gross deferred income tax assets</b>	-	-	-	-

## Tax losses of the Company

The Company has Australian tax losses for which no deferred tax asset is recognised in the statement of financial position of \$32,996,116 (2018: \$29,667,579) which are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

## 6. Earnings Per Share

The following reflects the loss and share data used in the calculations of basic and diluted earnings per share:

	30 June 2019 \$	30 June 2018 \$
<b>(a) Earnings used in calculating earnings per share</b>		
<b>For basic earnings per share:</b>		
Net Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	(3,368,196)	(645,453)
<b>For diluted earnings per share:</b>		
Net Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	(3,368,196)	(645,453)
<b>(b) Weighted average number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share:	29,936,237	24,028,318
Effect of dilution:		
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	29,936,237	24,028,318

There are no potential ordinary shares included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

## 7. Cash and Cash Equivalents

	30 June 2019 \$	30 June 2018 \$
AUD Accounts	61,339	133,803
USD Accounts	6,242,356	-
<b>Total</b>	<b>6,303,695</b>	<b>133,803</b>

## 8. Trade and Other Payables

Current	30 June 2019 \$	30 June 2018 \$
Trade payables (a)	10,280	15,487
Accruals	20,800	16,000
USA Trade and Other payables (b)	463,250	-

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## Other related parties

Directors' Fees	346,994	262,950
Others (c)	48,000	330,143
<b>Balance</b>	<b>889,324</b>	<b>624,580</b>

- (a) Trade payables and other payables are non-interest bearing liabilities. All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.
- (b) During the year, PuriflOH Limited incurred \$2,643,029 in consulting fees to Somnio including \$USD 171,522 owing as at 30 June 2019. Somnio is considered a related party of the Company.
- (c) As at 30 June 2018 balance of \$330,143 related to amounts owing to a related party Dilato Investments Pty Ltd which have been settled during the year. At 30 June 2019 \$48,000 relates to fees owing to Dilato Investments Pty Ltd

## Available Facilities and Risk Exposure

During the Financial Year ending 30 June 2018 the Company repaid two Convertible Note Series, being Series I and Series J notes, through the issue of shares. The Series J Convertible Note facility was extended through until 31 December 2019. The advent of the Capital Raising of \$9.6M in November 2018 saw the Series J facility withdrawn by mutual consent. The Company has no available financing facilities.

Interest rate, foreign exchange and liquidity risk are discussed in Note 18.

## 9. Contributed Equity

	Note	30 June 2019 \$	30 June 2018 \$
Ordinary shares	(a)	83,961,448	74,609,117
<b>Balance</b>		<b>83,961,448</b>	<b>74,609,117</b>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### (a) Movement in ordinary shares on issue

12 months ended 30 June 2019	No. of shares	\$
At 1 July 2018	27,289,527	74,609,117
Share issue <sup>i</sup>	4,000,000	9,600,000
Share issue <sup>ii</sup>	93,429	42,043
Transaction Cost	-	(289,714)
<b>As at 30 June 2019</b>	<b>31,382,956</b>	<b>83,961,447</b>
12 months ended 30 June 2018	No. of shares	\$
At 1 July 2017	4,177,254,400	73,270,517
After 1 for 200 Reconstruction on 7 December 2017	20,886,383	-
Conversion of Series I Notes	2,500,000	500,000
Placement Shares at \$0.20 per share	3,500,000	700,000
Conversion of Series J Notes	403,144	138,600
<b>As at 30 June 2018</b>	<b>27,289,527</b>	<b>74,609,117</b>

<sup>i</sup> The Company's raised \$9,600,000 through the issue of 4,000,000 shares at a price of \$2.40 per share to investor Upjohn Laboratories LLC of Michigan

<sup>ii</sup> The Company issued 93,429 shares in lieu of consulting fees to a non-related party at a deemed price of \$0.45 per share.

## 11. Commitments and Contingencies

The Company has an ongoing month to month arrangement with Dilato Investments to provide office space in Melbourne for \$7,500 per month and accounting and administration services for \$10,000 per month from 1 January 2019 (prior fee was \$7,500 per month). Dilato Holdings are the major shareholder of PuriflOH Limited holding, currently holding 18,409,644 shares, being 58.66% of the Company.

In addition, the Company executed a Licence Agreement on 2 November 2018 with Somnio Global Holdings LLC as Licensor of the Technology and Somnio Global LLC as Service Provider. The Service Provider provides ongoing services for the development of the Products and Processes, on the terms and conditions of the

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Agreement. The Terms and Conditions of the Agreement include the payment of ongoing Service fees to Somnio Global LLC at a rate within US\$150,000 per month, although the monthly amount varies with certain milestone payments.

The Fees paid to Somnio Global LLC cover:

- I. annual costs including staff costs, rental payments and material and equipment costs (Development Costs);
- II. a monthly fee, to be reviewed bi-annually, payable by the Licensee to the Service Provider, which covers the Development Costs; (Development Fee); and
- III. development timelines and milestones for each of the Products and Processes in development, and a success fee payable by the Licensee to the Service Provider on the achievement of those milestones (Success Fees).

The provision of these Services is on an evergreen basis but are able to be terminated without cause with 3 months notice.

Licence fees to be paid to Somnio Global Holdings LLC are only payable on the basis of sales achieved by PuriflOH Limited.

The Somnio Global Group is a related party of PuriflOH Limited by virtue of the common substantial and controlling shareholding of Dilato Holdings Pty Ltd in both. The Board of PuriflOH Limited approved the Service Fees independently and are comfortable that they are suitable "arms length" arrangements.

## 12. Cash Flow Information

### Reconciliation of Net Loss After Tax to Net Cash Flow from Operations

	30 June 2019 \$	30 June 2018
Net profit / (loss) for the period	(3,368,196)	(645,453)
Adjustments for:		
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,453)	(7,540)
(Increase)/decrease in prepayments	(4,566)	(2,350)
Increase/(decrease) in trade and other payables	258,410	13,499
Increase/(decrease) in financial liabilities	-	17,367
Net operating cash flows	(3,115,805)	(624,477)

## 13. Auditors Remuneration

The auditor of PuriflOH Limited for the 12 months ended 30 June 2019 and 30 June 2018 is PKF Brisbane Audit.

	30 June 2019 \$	30 June 2018 \$
Audit and review of the financial report of the company	28,800	21,625

## 14. Significant Events after Balance Sheet Date

The Company has announced its plans for an OTCQX Listing and appointed B. Riley FBR as its Principal American Liaison Sponsor. The application process has commenced.

The Company announced the acceptance by the Sustainable Melbourne Fund of the FRG as suitable for financing assistance due to its ability to provide an environmental upgrade for a commercial establishment due to the potential improvements in indoor air quality and swimming pool water quality.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 15. Related Party Disclosures

The Group's main related parties are as follows:

### Entities exercising control over the Group:

The ultimate Parent Entity that exercises control over the Group is PuriflOH Limited, which is incorporated in Australia.

### Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

### Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

### Related Party Payables

	30 June 2019 \$	30 June 2018 \$
Directors' payables	345,394	262,950
Dilato payables	48,000	330,142
Other related parties payable	-	-
<b>Total</b>	<b>393,394</b>	<b>593,092</b>

### Key Management Personnel

#### Remuneration

Refer to the remuneration report contained in the Directors' report for details of remuneration paid or payable to each member of the Company's key management personnel (KMP) for the twelve months ended 30 June 2019.

Compensation for key management personnel during the period was as follows;

	30 June 2019 \$	30 June 2018 \$
Short-term employee benefits	120,000	83,250
Post-employment benefits	-	-
Share-based payments	-	-
Termination payments	-	-
<b>Total</b>	<b>120,000</b>	<b>83,250</b>

### Amounts payable to KMP's

A total of \$345,394 in director and company secretary fees were payable as at 30 June 2019 (Refer to Director's Report) – as itemized below.

	30 June 2019 \$
Steve Annear	89,927
Simon Lill	78,000
Steve Morris	98,000
Lucia Cade	48,000
William Parfet	31,467
<b>Total</b>	<b>345,394</b>

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## Share holdings of key management as at 30 June 2019

2019	Balance at beginning of period 1 July 2018	Other Changes	Balance at end of period 30 June 2019
<b>Non-executive directors</b>			
Steven Morris (i) (iii)	266,472	-	266,472
Lucia Cade	-	-	-
William Parfet	-	5,271,601	5,271,601
<b>Total</b>	<b>266,472</b>	<b>5,271,601</b>	<b>5,538,073</b>
Simon Lill	251,250	-	251,250
Steve Annear	250,000	-	250,000
<b>Total</b>	<b>501,250</b>	<b>-</b>	<b>501,250</b>
<b>Total</b>	<b>767,722</b>	<b>5,271,601</b>	<b>6,039,323</b>

## Share holdings of key management as at 30 June 2018

2018	Balance at beginning of period 1 July 2017	Other Changes	Balance at end of period 30 June 2018
<b>Non-executive directors</b>			
Steven Morris (i) (ii)	16,472	250,000	266,472
Lucia Cade	-	-	-
<b>Total</b>	<b>16,472</b>	<b>250,000</b>	<b>266,472</b>
Simon Lill	-	251,250	251,250
Steve Annear	-	250,000	250,000
<b>Total</b>	<b>-</b>	<b>501,250</b>	<b>501,250</b>
<b>Total</b>	<b>16,472</b>	<b>751,250</b>	<b>767,722</b>

- (i) Mr Morris lodged an amended Appendix 3X on 21 December 2017 as his shareholding previously notified to the ASX inadvertently failed to disclose his indirect interest through Targo Holdings Pty Ltd. Hence this number is different to that in the Annual Report to 30 June 2017;
- (ii) The Company had a capital reconstruction on a 1 for 200 basis, completed on 7 December 2017. The starting balance of 16,472 represents the reconstructed number.

## 16. Share based payments

During the 12 months ended 30 June 2019 there were 93,429 shares issued in lieu of consulting fees at a price of \$0.40 per share. (2018: Nil share based payments)

## 17. Segment Reporting

### Types of Products and Services

The Company, in conjunction with the Somnio Group, is developing its Free Radical Generator ("FRG") technology for a range of applications, in the first instance concentrating on three key areas, being:

- Indoor air purification;
- Water sanitation; and
- Medical sterilisation.

At this stage, the Group has one business segment.

## 18. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Company's objectives, policies and processes for managing and measuring these risks. The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

### Specific risks

1. Market risk
  - (a) Foreign currency
  - (b) Interest rate
2. Credit risk
3. Liquidity risk
4. Commercialization Risk

### Financial assets / liabilities used

The principal categories of financial assets / liabilities used by the Company are:

- Cash and cash equivalents
- Trade receivables
- Trade and other payables
- Short term loans
- Convertible notes

### Objectives, policies and processes

The risk management policies of the Group seek to mitigate the above risks and reduce volatility on the financial performance of the Company. The Board has no separate committees to manage issues such as audit and risk management. Due to constraints on financial and management resources all risk issues are managed at a Board level. Controls in place are considered appropriate for the current position of the Group. Financial risk management is managed by the Board as a whole, given the present size and scale of operations.

#### 1. Market risk

##### (a) Foreign currency risk

The Company now has a 100% owned US Subsidiary, PuriflOH (USA) Inc which is set up to manage the US operations as they move to commerciality.

PuriflOH (USA) has US dollars in its accounts and to date has been paying Somnio Global's Technical Services payments from its account on behalf of the Company.

Somnio Global invoices its monthly payments in US\$ and is paid in US\$.

The Company carries a risk related to movements in the US\$:A\$ exchange rate. At the moment the Board has considered these risks to be relatively inconsequential and has chosen to not use financial instruments to minimise these risks.

##### (b) Interest risk rate

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument changes due to changes in market interest rates.

The Group was required to consider this risk in previous accounts, but it now has no finance facilities. Hence the Group's exposure to interest rate risk as at 30 June 2019 is nil.

	30 June 2019	30 June 2018
Financial Assets	\$	\$
Cash and cash equivalents (i)	6,303,695	133,803
<b>Total</b>	<b>6,303,695</b>	<b>113,803</b>

- (i) There was interest earned on the general operating bank accounts in the period ended 30 June 2019 of \$70,994 (2018- \$2,119). The impact of potential movements in interest rates of +/- 2% are trivial in nature.

	30 June 2019	30 June 2018
Financial Liabilities	\$	\$
Short term loans	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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## Interest rate risk management

Any surplus company funds are placed at suitable AA+ or higher rated banks, with Term Deposits being used where appropriate.

## 2. Credit risk

### Exposure to credit risk

The credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables. All cash balances held at banks are held at internationally recognised institutions. There is no credit risk exposure expected from receivables as at balance date.

The carrying amount of financial assets represents the minimum credit exposure and are as follows;

	30 June 2019 \$	30 June 2018 \$
Cash and cash equivalents	6,303,695	133,803
	<b>6,303,695</b>	<b>133,803</b>

## 3. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as and when they fall due.

Liquidity risk includes the risk that, as a result of the Group's operational liquidity requirements:

- there are insufficient funds are available to settle a transaction on the due date;
- the Group is forced to sell financial assets at a value which is less than their carrying value;
- the Group is unable to settle or recover a financial asset at all.

The Group's amounts exposed to liquidity risk as at 30 June 2019 are:

Financial Liabilities	30 June 2019 \$	30 June 2018 \$
Trade and other payables	889,324	624,580
<b>Total</b>	<b>889,324</b>	<b>624,580</b>

Amounts presented below represent the remaining contractual maturities of the Company's financial liabilities as at 30 June 2019:

Financial Liabilities	30 June 2019 \$	30 June 2018 \$
12 months or less	675,436	624,580
1 – 5 years	213,888	-
Over 5 years	-	-
<b>Total</b>	<b>889,324</b>	<b>624,580</b>

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the assets and liabilities at the date of the statement of financial position.

## 4. Commercialization Risk

Many of the products the company is developing represent new, heretofore, unproven technology. Commercializing these products carries significant amounts of risk. Acquiring companies (Purifloh's customers) need to validate the applications before they can be introduced to new markets and, in some cases, understand the impact on existing products that will be displaced by the new. This can be time consuming and require expensive on-going development costs. Investors should understand the risks as they try to ascertain probable future returns.

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## 19. Parent Entity Information

	2019 \$	2018 \$
The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.		
<b>Statement of Financial Position</b>		
ASSETS		
Current assets	8,644,198	146,507
Non-current assets	64,698	16,320
TOTAL ASSETS	8,708,896	162,827
LIABILITIES		
Current liabilities	415,438	624,580
Non-current liabilities	-	-
TOTAL LIABILITIES	415,438	624,580
EQUITY		
Issued capital	83,961,448	74,609,117
Retained earnings	(75,667,990)	(75,070,870)
TOTAL EQUITY	8,293,458	(461,753)
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total Profit / (Loss)	(597,118)	(645,453)
Total comprehensive income / (Loss)	(597,118)	(645,453)

### Commitments and Contingencies

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries  
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 2018.

Contingent liabilities  
The parent entity had no contingent liabilities as at 30 June 2019 and 2018.

Capital commitments  
The parent entity had no capital commitments as at 30 June 2019 and 2018.

Significant accounting policies  
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1 to 4.

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## 20. Interests in Subsidiaries

The consolidated financial statements include the financial statements of PurifloH and its subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Interest 2019	2018
PurifloH USA Incorporated	United States	100%	-

During the financial period, the Company established a US subsidiary called PurifloH USA Incorporated. This subsidiary was incorporated in Delaware, USA following the raising of capital of A\$9,600,000. The capital was raised from Upjohn Laboratories Inc of Michigan and was transferred directly to PurifloH USA Incorporated (the 'subsidiary') on PurifloH Limited's request, as a loan payable on demand to the parent. The subsidiary carries a subscription of shares of common stock with par value of US\$0.001 of which PurifloH Limited owns 100%. As a result of this establishment, the financial statements reflect the consolidation position of the parent and the subsidiary collectively as the Group.

The purpose of this entity is to manage operations in the US as the Company moves forward with its commercialization plans for the Free Radical Generator.

# DIRECTORS'

## DECLARATION

PuriflOH Limited  
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In accordance with a resolution of the directors of PuriflOH Limited, the directors of the company declare that:

In the opinion of the directors:

- (a) the financial statements and notes, as set out on pages 16 to 33, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date;
- (b) subject to the matters disclosed in Note 1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Board



Steve Morris, Chairman  
Melbourne, 31 August 2019

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PURIFLOH LIMITED AND CONTROLLED ENTITY

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report of Purifloh Limited and Controlled Entity (the consolidated entity, the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Purifloh Limited and Controlled Entity is 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 2019 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We are independent of the consolidated entity in accordance with 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* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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## 1. Accounting treatment of funds transferred to the US subsidiary

### Why significant

As disclosed in Note 20 of the financial statements, during the year the Group raised share capital of AUD \$9.6m which was subsequently transferred to a wholly-owned US subsidiary of the Group, as a loan payable on demand to the parent entity. The intercompany loan balance of USD \$ 4,099,320 (AUD \$5,845,316) as at 30 June 2019 is eliminated on consolidation but is included in current assets (total AUD \$8,644,198) in the parent entity's Statement of Financial Position in Note 19.

Given the material nature of the loan balance to the parent entity, representing 67% of its total assets at balance date, and the level of judgement involved in assessing the nature of, and accounting for, the balance, this was considered a key audit matter.

### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- agreeing the intercompany loan balance at 30 June 2019 to supporting loan schedules and bank movements including the accrued interest;
- ensuring an appropriate agreement was in place in relation to the loan, establishing the domicile of foreign exchange risk and to confirm the loan is not deemed to be equity in nature;
- holding discussions with the directors and management to assess the treatment of the monies held in the US subsidiary; and
- assessing the correct application of AASB 121 *The Effect of Changes in Foreign Exchange Rates* to recognise the exchange difference from the initial recognition of the loan to the reporting date.

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of PurifLOH Limited and Controlled Entity for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

DATED 31 AUGUST 2019  
BRISBANE



# ASX INFORMATION

PuriflOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2019

## ADDITIONAL INFORMATION

The following additional information is provided in accordance with the ASX listing rules. The information is current as at the date of signing the directors report.

<b>Substantial Shareholders</b>  The names of substantial shareholders in the Company are:			<b>Twenty largest shareholders:</b>	
<b>Shareholder</b>	<b>Number of Ordinary Shares</b>		<b>Name</b>	<b>Number of ordinary shares held</b>
Dilato Holdings Pty Ltd	18,409,194		DILATO HOLDINGS PTY LTD	18,409,194
Upjohn Laboratories LLC	5,271,601		UPJOHN LABORATORIES LLC	5,271,601
<b>Distribution of ordinary shareholdings</b>			ANDRA M RUSH	650,000
<b>Range of holdings</b>	<b>Number of shareholders</b>	<b>Number of Ordinary Shares</b>	HOLBROOK CORPORATION PTY LTD	548,800
1 – 1,000	507	171,311	RIVECK NOMINEES PTY LTD	452,700
1,001 – 5,000	265	666,909	GEMTARA INVESTMENTS PTY LTD	305,576
5,001 – 10,000	61	454,004	CITICORP NOMINEES PTY LIMITED	277,321
10,000 – 100,000	84	2,300,320	TARGO HOLDINGS PTY LTD	263,750
100,001 and over	18	27,790,412	STEVEN ANNEAR	250,000
Total	935	31,382,956	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	212,068
<b>Options</b>  The company has Nil Options on issue as at 30 June 2019			LAMPAM PTY LTD	175,000
<b>Voting Rights</b>  The voting rights attached to ordinary shares are that each member present in person or by proxy, attorney or representative at a general meeting has one vote on a vote taken by show of hands, and one vote for each fully paid share held on a vote taken on poll. There are no voting rights attached to options.			HOPETOUN NOMINEES PTY LTD	166,000
			TAL PANETH	160,000
			MALCOLM RICHMOND	159,965
			ISAMG PTY LTD	135,000
			ANTHONY MARK VAN DER STEEG	125,542
			RAYMOND MICALLEF	114,000
			CREDAL INTERNATIONAL LTD	113,895
			RANCHLAND HOLDINGS PTY LTD	100,000
			SAUL ZAIDMAN	99,300
			Total	27,989,712
			<b>On-market buy-back</b>  There is no current on-market buy-back	
			<b>Stock Exchange Listings</b>  The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX code: PO3)	