

Appendix 4D - Half Year Report 31 December 2019

PurifLOH Limited ABN 11 124 426 339

1. Details of the Reporting Period and the previous Corresponding Period

Reporting Period	Half Year Ending 31 December 2019
Previous Corresponding Period	Half Year Ending 31 December 2018

2. Results for announcement to the market

Revenue from Ordinary Activities	39,825
Previous Corresponding Period	11,869
Percentage Change from Previous Period	236%

Loss from Ordinary Activities after Tax	(\$2,347,788)
Previous Corresponding Period	(\$1,492,454)
Percentage Change from Previous Period	57%

Net Loss for the Period attributable to Members	(2,347,788)
Previous Corresponding Period	(1,492,454)
Percentage Change from Previous Period	57%

The dividend per security	There are no dividends proposed or paid relating to the reporting period.
The record date for determining entitlements	N/A

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

The loss from ordinary activities after tax is due to the Company continuing in the development phase of its Free Radical Generator Technology. The bulk of the costs incurred are through the Technical Services Agreement with Somnio Global LLC who are undertaking the Research and Development activities in conjunction with PurifLOH Limited.

3. Earnings Per Share

Earnings per share per security (cents)	
Reporting Period	(7.474)
Previous Period	(5.235)

4. Net Tangible Assets per security (cents)

Reporting Period	11.37
Previous Period	23.65

Appendix 4D - Half Year Report 31 December 2019

PurifLOH Limited ABN 11 124 426 339

5. Control gained over entities

None

6. Loss of control over entities

None

7. Dividends

Current period

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

Previous period

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

8. Dividend reinvestment plans

None

9. Details of associates and joint venture entities

None

10. Foreign entities

The Company has a US subsidiary called PurifLOH USA Incorporated. As a result of establishment, the half year financial report reflects the consolidation position of the parent and the subsidiary collectively as a Group and therefore applied AASB 10 Consolidated Financial Statements and AASB 121 The Effect of Changes in Foreign Exchange Rates.

11. Any other significant information

None

12. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

13. Attachments

The Half Year Report of PurifLOH Limited for the half-year ended 31 December 2019 is attached.



Simon Lill

Director

27 February 2020

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ABN: 11 124 426 339

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

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For the half year ended 31 December 2019

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CORPORATE DIRECTORY

PurifloH Limited
Interim Financial Report
For the half year ended 31 December 2019

PurifloH Limited

ABN: 11 124 426 339

Directors

Mr William Parfet (Chairman)
Mr Carl Le Souef (Appointed 22 November 2019)
Professor Pravansu Mohanty (Appointed 22 November 2019)
Mr Simon Lill (Executive Director)

Mr Steve Annear (resigned 22 November 2019)
Ms. Lucia Cade (resigned 22 November 2019)
Mr Steve Morris (resigned 22 November 2019)

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
Website: www.Purifloh.com

Securities Exchange Listing

The Company's securities are listed on the official list of the Australian Securities Exchange Limited, and on the OTCQX in the USA.

ASX Stock Code: PO3
OTC Code: PUFLF

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

Company Solicitors

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

CHAIRMAN'S LETTER TO SHAREHOLDERS

Puriflo Limited
Interim Financial Report
For the half year ended 31 December 2019

Dear fellow Shareholder

I am pleased to provide this update of the half year operations of the Company.

Speaking on behalf of the board, we understand and take seriously the responsibility to provide announcements and releases that are substantive, material and relevant. To that end, please review the narrative accompanying the financial reports.

As I highlighted at the AGM, 12 months after being appointed a director of the Company and being exposed to the applications and development of our Free Radical Generator technology and its vast opportunities for near term commercial execution, I was delighted to accept the invitation to become Chairman.

I look forward to our journey ahead as Chairman of a company with so much potential and look forward to sharing good, substantive news with you as it comes to hand.

Yours sincerely,

William (Bill) Parfet
Chairman
27 February 2020

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DIRECTORS' REPORT

PuriflOH Limited
Interim Financial Report
For the half year ended 31 December 2019

Your directors submit their report on the consolidated entity consisting of PuriflOH Limited ("the company") and controlled entity for the half year ended 31 December 2019.

Directors

The names of the company's directors in office at the end of the financial period are set out below. Directors were in office for this entire period unless otherwise stated.

William Parfet

Chairman

Appointed as Director - 7 November 2018;

Appointed as Chairman - 25 November 2019

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.

Carl Le Souef

Non-Executive Director – Appointed 22 November 2019

Mr. Carl Le Souef is a founding partner and co-owner of Somnio Global. He oversaw the restructuring of PuriflOH (previously known as Water Resources Group Limited) during 2013/2014, which saw Dilato Holdings P/L emerge as the major shareholder of PuriflOH, a position it still retains. Mr. Le Souef was previously the sole owner and CEO of one of Australia's largest privately owned FMCG organisations, Private Formula International, a global operation that included Australia's number one selling skincare range at the time, Dr LeWinn's Private Formula. In 2009, he negotiated the sale of the company to a US based pharmaceutical major. Mr. Le Souef maintains an executive role in Somnio Global and in the management of his family office investments.

Pravansu Mohanty

Non - Executive Director – Appointed 22 November 2019

Professor Pravansu Mohanty is a founding partner and co-owner of Somnio Global. He is the Paul K Trojan Collegiate Professor of Engineering at the University of Michigan. He has a Ph.D. in Materials Science from McGill University, Montreal, Canada, with research interests in the areas of Additive Manufacturing, Plasma/ Laser Materials Processing, Biomaterials, Nanostructured Materials and Functionally Designed Materials for Energy Storage and Energy Generation. He has published numerous scientific papers, patents and received many research grants from Federal agencies including the National Science Foundation, US Army, US Navy, and Dept. of Energy. In 2015, Professor Mohanty was awarded an honor for non-resident Indians, the Hind Rattan (Jewel of India) Award for his contribution to science and engineering, presented to him at the Republic Day of India Celebration in New Delhi

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, resigned 25 November 2019)
- XPD Soccer Gear Group Limited (appointed 29 March 2018, continuing)

DIRECTORS' REPORT

PuriflOH Limited
Interim Financial Report
For the half year ended 31 December 2019

REVIEW OF OPERATIONS

The key priority during the half year has been the development of the Company's air purification application. This sector has recently been highlighted within Australia due to the air quality issues experienced on the eastern seaboard and the global concern of COVID 19.

Development of the recreational water and sterilization systems continue and remain important to the Company's overall commercialization strategy.

Product Development

The air purification product development program has delivered more advanced product designs and fabricated prototypes. These operating prototypes, with their corresponding Bill of Materials, have assisted in ongoing discussions with OEMs and reflect the progress made in improving the performance of the unit to commercial standards.

The ability to show a functional prototype, particularly at the beta stage, has been critical to a complete representation of the FRG technology and the company has been focused on this step.

Commercialisation

Representation of the FRG technology and its air purification products to potential partners continues to be a high priority for the Board and discussions with potential licensees of the technology continue and the Company is pleased with positive developments. Further updates will be provided as and when relevant or when confidentiality is not a requisite of the sensitive nature of these discussions.

Board Changes

Consistent with the Company's focus on its activities in the US market, the ongoing development of commercial opportunities and to ensure an improved representation from its key stakeholders, substantial changes to the Board of Directors were approved by shareholders at the Company's AGM in November 2019. Notably, these changes included the election of Mr. Bill Parfet as Chairman and the founders of the Company's

Technical Services Partner, Somnio Global, and key stakeholders, Professor Pravansu Mohanty and Mr Carl Le Souef.

OTC Listing

The Company achieved listing on the OTCQX market in October, 2019 and its shares are now quoted for trading in the United States on the OTCQX marketplace. The Company is in the process of finalizing its Depository Trust Company ("DTC") Application for securities settlement services through the DTC system.

Forward-Looking Statements

This Half Year update may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The Company's actual results could differ materially from those described in the forward-looking statements depending upon various factors. Other than as required under United States securities laws, the Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

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DIRECTORS' REPORT

PuriflOH Limited
Interim Financial Report
For the half year ended 31 December 2019

Auditor's Independence Declaration

A copy of our auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 8.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Simon Lill
Director
27 February 2020

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PurifLOH Limited and the entity it controlled during the half year.

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

27 FEBRUARY 2020
BRISBANE

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DIRECTORS' DECLARATION

PuriflOH Limited
Interim Financial Report
For the half year ended 31 December 2019

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

In the opinion of the directors:

- a) The financial statements and notes set out on pages 12 to 19 are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year then ended; and
 - ii) complying with Accounting Standards AASB134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and other mandatory professional reporting requirements; and.
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the board

Simon Lill
Director
27th day of February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PURIFLOH LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Purifloh Limited ("the company") and controlled entity ("consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us

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believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PurifLOH Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

27 FEBRUARY 2020
BRISBANE

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FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2019

Consolidated Statement of Profit and Loss and Comprehensive Income

For the half-year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue			
Revenue from continuing operations		-	-
Other Income			
Interest income		39,825	11,869
Unrealised FX Gain		35,143	56,219
Total Other Income		74,968	68,088
Expenses			
Research and Development – Somnio		(1,807,001)	(1,106,506)
General and Admin – Somnio		(194,208)	-
Amortisation Expense – trade marks		(2,210)	-
Accounting and audit	7	(69,253)	(71,200)
Other Expenses	7	(330,733)	(381,691)
Finance costs		(383)	(1,145)
Realised FX Loss		(18,968)	-
Total expense		(2,422,756)	(1,560,542)
Profit/(Loss) before income tax		(2,347,788)	(1,492,454)
Income tax expense		-	-
Net profit/(Loss) for the period		(2,347,788)	(1,492,454)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		42,971	(30,620)
Total Comprehensive Income/(Loss) for the period		(2,304,817)	(1,523,074)
Attributable to owners of the parent entity		(2,304,817)	(1,523,074)
Earnings per share			
Basic earnings Profit/(loss) per share (cents)		(7.474)	(5.235)
Diluted earnings Profit/(loss) per share (cents)		(7.474)	(5.235)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2019

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Current Assets			
Cash and cash equivalents	8	4,447,027	6,303,695
Trade and other receivables		9,351	10,636
Prepayments		52,719	8,086
Total Current Assets		4,509,097	6,322,417
Non-Current Assets			
Intangible assets - trade marks		66,886	64,698
Less Amortisation – trade marks		(2,210)	-
Total Non-Current Assets		64,676	64,698
Total Assets		4,573,773	6,387,115
Liabilities			
Current Liabilities			
Trade and other payables	9	989,405	889,324
Total Current Liabilities		989,405	889,324
Total Liabilities		989,405	889,324
Net Assets/(Liabilities)		3,584,369	5,497,791
Equity/ (Shareholders' Deficit)			
Contributed equity	10	84,352,841	83,961,448
Foreign exchange translation reserve		18,384	(24,589)
Accumulated losses		(80,786,856)	(78,439,068)
Total Equity/ (Shareholders' Deficit)		3,584,369	5,497,791

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2019

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	74,609,117	-	(75,070,870)	(461,753)
(Loss) for the period	-	-	(1,492,454)	(1,492,454)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(1,492,454)	(1,492,454)
Translation Reserve	-	(30,620)	-	(30,620)
Equity Transactions				
Issue of shares during the year	9,352,330	-	-	9,352,330
Transaction costs net of tax	-	-	-	-
Share conversion	-	-	-	-
Balance at 31 December 2018	83,961,447	(30,620)	(76,563,324)	7,367,503

For the half-year ended 31 December 2019

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2019	83,961,448	(24,589)	(78,439,068)	5,497,791
Profit/(Loss) for the period	-	-	(2,347,788)	(2,347,788)
Other comprehensive income	-	42,972	-	42,970
Total comprehensive income (loss) for the period	-	42,972	(2,347,788)	(2,304,816)
Equity Transactions				
Issue of shares during the year	391,394	-	-	391,394
Transaction costs net of tax	-	-	-	-
Balance at 31 December 2019	84,352,842	18,383	(80,786,856)	3,584,369

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2019

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

Note	31 December 2019 \$	31 December 2018 \$
Cash flows related to operating activities		
Interest Received	39,825	11,869
Payments for research and development and other working capital	(1,899,638)	(1,190,328)
Net operating cash flows	(1,859,813)	(1,178,459)
Cash flows related to financing activities		
Net proceeds from issue of shares	-	9,642,043
Repayment of borrowings	-	-
Proceeds from borrowings	-	-
Net financing cash flows	-	9,642,043
Net increase / (decrease) in cash held	(1,859,813)	8,463,584
Net foreign exchange differences	42,971	-
Cash and cash equivalents at beginning of the period	6,303,695	133,803
Cash and Cash Equivalents at the end of the period	4,447,027	8,597,388

The accompanying notes form part of these financial statements.

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FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2019

Notes to the consolidated half-year Financial Statements

1. Reporting Entity

PuriflOH Limited ("the Company") is a public company, incorporated in Australia with its registered office at:

Level 3
2 – 4 Ross Place
South Melbourne, Victoria. 3205

The consolidated half-year financial report was authorised for issue in accordance with a resolution of the directors on 27 February 2020.

2. Statement of Accounting Policies

Basis of preparation for the half-year report

This consolidated interim financial report for the half-year ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all the notes of the type normally included as an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by PuriflOH Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 half year period of \$2,347,788 (2018: net loss of \$1,492,454) and a net operating cash outflow of \$ 1,859,813 (2018: deficit of \$ 1,178,459).

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 half year period, at the date of signing the half year financial statements to 31 December 2019, the Group has sufficient funding for at least the next 12 months.

The ability of the Group to continue on a going concern basis is dependent upon the following:

- The Group 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.
- The ability to raise additional capital.

Accounting Policies

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

(i) Changes in Accounting Policies Applied by the Group

AASB 16: Leases

AASB 16: Leases (issued February 2016) supersedes 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 key requirements of AASB 16 are summarized as follows:

- Recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- Inclusion of additional disclosure requirements; and

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- Accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of NIL.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affected the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There have been no changes to the judgements, estimates and assumptions that have a significant risk on causing a material adjustment to the carrying amounts of assets and liabilities within the next calendar year, to those disclosed in the annual report for the year ended 30 June 2019.

4. Segment Information

In 2018 the Company established a subsidiary in USA (PuriflOH USA Incorporated) for the purpose of preparing a base of operations from which the technology will be commercialized and manufactured. At this stage of development, the financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole.

5. Income Tax

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 31 December 2019 is 27.5%, compared to 27.5% for the six months ended 31 December 2018.

6. Financial Risk Management

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the 12 months ended 30 June 2019.

7. Other Expenses and Accounting Expenses

Other Expenses	31 December 2019 \$	31 December 2018 \$
ASX Fees	56,325	55,975
Share Registry Services	3,328	11,164
Serviced Office	45,000	45,000
Legal Fees	9,495	11,348
Insurance	35,014	20,013
Directors Fees	126,000	143,144
Consulting - Other	33,376	82,619
Other	22,194	12,428
	330,733	381,691

Accounting and Audit Expenses	31 December 2019 \$	31 December 2018 \$
Accounting Fees	59,894	59,400
Audit Fees	9,359	11,800
	69,253	71,200

8. Cash and Cash Equivalents

	31 December 2019 \$	30 June 2019 \$
AUD Accounts	44,802	61,339
USD Accounts	4,402,224	6,242,356
Total	4,447,027	6,303,695

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FINANCIAL STATEMENTS

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9. Trade and Other Payables

	31 December 2019	30 June 2019
	\$	\$
Trade Payables	12,780	10,280
Accruals	13,000	20,800
USA Trade and Other payables	934,625	463,250
Other Related Parties		
Directors	29,000	364,994
Others	-	48,000
Balance	989,405	889,324

10. Contributed Equity

Half Year ended 31 December 2018	No. of shares	\$
At 30 June 2018	27,289,527	74,609,117
Share issue	4,000,000	9,600,000
Share issue	93,429	42,043
Transaction Cost	-	(289,714)
As at 31 December 2018	31,382,956	83,961,447
Half Year ended 31 December 2019	No. of shares	\$
At 30 June 2019	31,382,956	83,961,447
Share issue	140,542	391,394
Transaction Cost	-	-
As at 31 December 2019	31,523,498	84,352,841

On 22 November 2019 the shareholders, at the Company's AGM, approved the issue of 140,542 shares to various Board Members in lieu of outstanding board fees.

11. Commitments and Contingencies

The Company has an ongoing agreement with Dilato Holdings to provide office space in Melbourne for \$7,500 per month and accounting and administration services for \$10,000 per month. Dilato Holdings are the major shareholder of PuriflOH Limited holding, currently holding 18,409,644 shares, being 58.40% 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 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 rate can also vary with approval by PuriflOH who have agreed rate increases related to additional work being undertaken by Somnio as PuriflOH seeks to commercialize its FRG Technologies.

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 month 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.

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FINANCIAL STATEMENTS

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There were no other material changes in contingent liabilities or contingent assets since the end of the last annual reporting period of 30 June 2019.

12. Subsequent Events

There have been no material subsequent events.

13. Business Combinations and Basis for Consolidation

The Company has 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 in November 2018, which was transferred from Purifloh Limited (the 'parent') to Purifloh USA Incorporated (the 'subsidiary') 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. As a result of this establishment, the half year financial report reflects the consolidation position of the parent and the subsidiary collectively as the Group.

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