

For personal use only



# **ANNUAL REPORT**

**For the 12 months to  
30 June 2020**

For personal use only

## Contents

<b>Corporate Directory</b>	<b>3</b>
<b>Directors' Report</b>	<b>4</b>
<b>Auditor's Independence Declaration</b>	<b>11</b>
<b>Corporate Governance Statement</b>	<b>12</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>14</b>
<b>Statement of Financial Position</b>	<b>15</b>
<b>Statement of Changes in Equity</b>	<b>16</b>
<b>Statement of Cash Flows</b>	<b>17</b>
<b>Notes to the Financial Statements</b>	<b>18</b>
<b>Directors' Declaration</b>	<b>32</b>
<b>Independent Auditor's Report</b>	<b>33</b>
<b>Additional Information</b>	<b>37</b>

## PuriflOH Limited

ABN: 11 124 426 339

### Directors

**Mr William Parfet** (Chairman) (appointed as Chairman 22 November 2019)

**Mr Simon Lill** (Executive Director)

**Mr. Carl Le Souef** (Non-Executive Director – appointed 22 November 2019)

**Professor Pravansu Mohanty** (Non-Executive Director – appointed 22 November 2019)

**Mr Steve Morris** (Resigned 22 November 2019)

**Mr Steve Annear** (Resigned 22 November 2019)

**Ms. Lucia Cade** (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](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

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 2020.

### 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.

#### William Parfet

**Chairman – Appointed as Chairman 22 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 resulted in Dilato Holdings Pty Limited emerge as the major shareholder of PuriflOH, a position it still retains. Dilato Holdings is Mr. Le Souef's private investment company. 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.

#### Professor 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 Mr Le Souef in the restructuring of the Company in 2013 and has managed the Company's Australian affairs since that time. He has similarly assisted the restructure of De Grey Mining Limited from his appointment in 2013 and is now Chairman of that Company.

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)

#### Steve Annear

**Resigned 22 November 2019**

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

**Resigned 22 November 2019**

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.

#### Steve Morris

**Resigned 22 November 2019**

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.

### 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 ( $O_2^-$ ), 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 trials 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 2020 of \$4,528,035. (30 June 2019: net loss of \$3,368,196)

The net operating cash-flow deficit for the 12 months to 30 June 2020 was \$3,977,132. (30 June 2019: deficit of \$3,115,805).

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.

### Review of Operations

Minor disruptions to the operations in Detroit due to the COVID-19 pandemic however some delay in customer interaction due to shutdowns in the US and other countries.

The application of the FRG Technology/Streamer Plasma in the consumer air purification market remained the key priority of the Company's activities.

### Product Development

Primary focus has been in the development of advanced functional prototypes for the air purification segment

Range of prototypes have been developed, from personal units to cars to whole room.

Input from OEM's and the changing marketplace have been important to design improvements.

Company continues to use independent validation of the technologies and its strong relationship has continued with R&D partner, Somnio.

### Board Changes

As announced at the Company's Annual General Meeting in November, 2019, significant changes were made to the Board of Directors.

Mr. Bill Parfet was elected Chairman of the Company, and was joined on the Board by the Company's major shareholder Mr. Carl Le Souef, representative of Dilato Holdings Pty Ltd, along with the joint founder of our R&D partner, Somnio Global Holdings Inc and the inventor of the FRG technology, Dr. Pravansu Mohanty. Mr. Simon Lill remained as Director and Company Secretary.

### Commercialization

To increase commercialization efforts, Mr. Chuck Martin, an experienced industry insider, joined PuriflOH to strengthen the company's commercial capabilities.

The company continues to cultivate relationships with key OEMs in the air purification space.

Chuck Martin has led a Re-Branding process to better reflect the focus of the Company and its core assets and to highlight the capability of the FRG/streamer plasma technology.

A consumer research study was completed to improve understanding of target markets and consumer preferences in the air purification industry.

### Forward-Looking Statements

*This quarterly 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 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 on 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.*

## Significant Changes in the State of Affairs

There were no significant changes to the Company's state of affairs.

## Significant Events after the Balance Date

No 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.

## 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 2020, there were no options issued, expired or on issue.

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 wilful breach of duty

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
William Parfet	4	4
Carl Le Souef	3	3
Simon Lill	4	4
Pravansu Mohanty	3	3
Steve Annear	1	1
Lucia Cade	1	1
Steve Morris	1	1

### Committee Membership

As at the date of this report, the Board has not held any Committee Meetings for audit or governance purposes. It has considered that the scale of its operations were such that all matters could be handled by the Board and Management. It plans to implement such Committees during the current financial year as and when the scale of its operations demand.

### Remuneration Report (Audited)

This remuneration report for the twelve months ended 30 June 2020 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.

Board payments were \$5,000 per month paid to the Chairman, Steve Morris, during the period 1 July 2019 to 31 December 2019. Mr Steve Annear and Ms Lucia Cade were paid \$4,000 per month from 1 July 2019 through to 31 December 2019. Messrs Morris and Annear and Ms Cade resigned from the Board on 22 November 2019. The Board agreed to finalise their Board payments through to 31 December 2019. Mr. Simon Lill received \$4,000 per month for his Director duties from 1 July 2019 to 30 June 2020, as well as an additional \$2,000 per month through this period for his role as Company Secretary. Mr. William Parfet received \$4,000 per month between 1 July 2019 and 30 September 2019 after which he waived all director fees. Mr Le Souef and Professor Mohanty have also agreed not to be paid any Director fees for the period between joining the Board on 22 November 2019 and 30 June 2020.

### Key Management Personnel

As at 30 June 2020

Mr. Simon Lill	Executive Director
Steve Annear	Executive Director – Resigned 22 November 2019

Other than the Directors, no other Key Management Personnel were identified for the current year

### 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 2020 are below in Table 1 (2020) and Table 2 (2019).

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 2020. (2019: Nil).

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

As at the date of this Report or until KMP resigned from the company, 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
William Parfet	-	5,283,286	-	-
Simon Lill	288,720	-	-	-
Carl Le Souef	-	18,409,194	-	-
Pravansu Mohanty	-	-	-	-
Steve Morris (Resigned 22 November 2019)	309,112	-	-	-
Steve Annear (Resigned 22 November 2019)	285,597	-	-	-
Lucia Cade (Resigned 22 November 2019)	18,128	-	-	-

## Company Performance and Remuneration

### Company Performance

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 2020.

	30 June 2015	30 June 2016	30 June 2017 (Recalculated)	30 June 2018	30 June 2019	30 June 2020
EPS (cents)	0.008	(0.016)	(1.24)	(2.686)	(11.251)	(14.389)

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.

### Company Performance Link to Remuneration

There is no direct company performance measure determining fixed remuneration.

Other than Director Mr. Simon Lill who is paid a specific fee for specific secretarial and administrative purposes, all other Directors' fees, being those otherwise payable to Messrs. Parfet, Le Souef and Mohanty have been waived by consent of those directors from 22 November 2019.

There were no Short Term Incentive Performance ("STIP") or Long Term Incentive Performance ("LTIP") determined for any executives.

### Share based Remuneration of Key Management Personnel

Shares were issued during the year as remuneration to Directors as outlined below in the "Remuneration of Key Management Personnel" as settlement for accrued fees.

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 2020. 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. The Company has not entered into any contractual arrangements with him. Mr. Annear resigned as Executive Director on 22 November 2019 but remains as President of PurifIOH (USA) Inc and is in charge of the US operations working closely with the Somnio group. 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 2020

	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>										
William Parfet	-	-	-	-	-	-	-	12,000	12,000	0%
Carl Le Souef	-	-	-	-	-	-	-	-	-	0%
Pravansu Mohanty	-	-	-	-	-	-	-	-	-	0%
Lucia Cade *	12,000	-	-	-	-	-	-	12,000	24,000	0%
Steve Morris *	20,000	-	-	-	-	-	-	10,000	30,000	0%
<b>Total</b>	<b>32,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,000</b>	<b>66,000</b>	<b>0%</b>
<b>Executive directors</b>										
Simon Lill	72,000	-	-	-	-	-	-	-	72,000	0%
Steve Annear *	12,000	-	-	-	-	-	-	12,000	24,000	0%
<b>Total</b>	<b>84,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>	<b>96,000</b>	<b>0%</b>
<b>Total</b>	<b>116,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,000</b>	<b>162,000</b>	<b>0%</b>

\*Non-executive directors Lucia Cade, Steve Morris and executive director Steve Annear all (Resigned 22 November 2019)

Table 2: 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>
<b>Total</b>	<b>259,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259,467</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 11.

#### 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.



**Simon Lill**  
Director  
Perth, 17 September 2020

For personal use only

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 year ended 30 June 2020, 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 BRISBANE AUDIT



SHAUN LINDEMAN  
PARTNER

BRISBANE  
17 SEPTEMBER 2020

For personal use only

# CORPORATE GOVERNANCE

## STATEMENT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2020

### 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.

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 now chaired by Mr. William Parfet who is not independent due to his substantial shareholding in PuriflOH.

The Board currently comprises 4 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 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

# CORPORATE GOVERNANCE

## STATEMENT

PuriflOH Limited  
Annual Report  
For the 12 months ended 30 June 2020

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

### 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 four directors.

### Performance Evaluation

The Company does not have any Key Management Personnel. Hence performance evaluations were not conducted during the reporting period ending 30 June 2020. These evaluations will commence at such stage as the Company does appoint such KMPs.

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

For the twelve months ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Revenue</b>			
Revenue from continuing operations		-	-
<b>Other Income</b>			
Interest income		56,541	70,994
Realised FX Gain		108,160	-
Unrealised FX Gain		77,334	110,047
<b>Total Other Income</b>		<b>242,035</b>	<b>181,041</b>
Research and Development – Somnio		(3,625,645)	(2,302,989)
General and Admin – Somnio		(358,950)	(344,955)
Accounting and audit	5	(167,301)	(156,700)
Other Expenses	5	(617,791)	(728,923)
Finance costs		(383)	(2,460)
Realised FX Loss		-	(13,210)
<b>Total expense</b>		<b>(4,770,070)</b>	<b>(3,549,237)</b>
<b>Profit/(Loss) before income tax</b>		<b>(4,528,035)</b>	<b>(3,368,196)</b>
Income tax expense	6	-	-
<b>Net profit/(loss) for the period</b>		<b>(4,528,035)</b>	<b>(3,368,196)</b>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		31,182	(24,589)
<b>Total Comprehensive Income/(Loss) for the period</b>		<b>(4,496,853)</b>	<b>(3,392,785)</b>
<b>Attributable to owners of the parent entity</b>		<b>(4,496,853)</b>	<b>(3,392,785)</b>
Basic earnings Profit/(loss) per share (cents)	7	(14.389)	(11.251)
Diluted earnings Profit/(loss) per share (cents)	7	(14.389)	(11.251)

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  
Annual Financial Report  
For the 12 months ended 30 June 2020

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	2,355,557	6,303,695
Trade and other receivables		8,250	10,636
Prepayments		14,297	8,086
<b>Total Current Assets</b>		<b>2,378,104</b>	<b>6,322,417</b>
<b>Non-Current Assets</b>			
Intangible assets - trade marks		62,528	64,698
<b>Total Non-Current Assets</b>		<b>62,528</b>	<b>64,698</b>
<b>Total Assets</b>		<b>2,440,632</b>	<b>6,387,115</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	1,048,296	889,324
<b>Total Current Liabilities</b>		<b>1,048,296</b>	<b>889,324</b>
<b>Total Liabilities</b>		<b>1,048,296</b>	<b>889,324</b>
<b>Net Assets/(Liabilities)</b>		<b>1,392,336</b>	<b>5,497,791</b>
<b>Equity/ (Shareholders' Deficit)</b>			
Contributed equity	10	84,352,846	83,961,448
Foreign exchange translation reserve		6,593	(24,589)
Accumulated losses		(82,967,103)	(78,439,068)
<b>Total Equity/ (Shareholders' Deficit)</b>		<b>1,392,336</b>	<b>5,497,791</b>

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

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 30 June 2020

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>83,961,448</b>	<b>(24,589)</b>	<b>(78,439,068)</b>	<b>5,497,791</b>
Profit/(Loss) for the period	-	-	(4,528,035)	(4,528,035)
Other comprehensive income	-	31,182	-	31,182
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>31,182</b>	<b>(4,528,035)</b>	<b>(4,496,853)</b>
<b>Equity Transactions</b>				
Issue of shares during the year	391,398	-	-	391,398
Transaction costs net of tax	-	-	-	-
Share conversion	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>84,352,846</b>	<b>6,593</b>	<b>(82,967,103)</b>	<b>1,392,336</b>

For the 12 months ended 30 June 2019

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>74,609,117</b>	<b>-</b>	<b>(75,070,870)</b>	<b>(461,753)</b>
Profit/(Loss) for the period	-	-	(3,368,196)	(3,368,196)
Other comprehensive income	-	(24,589)	-	(24,589)
<b>Total comprehensive income (loss) for the period</b>	<b>74,609,117</b>	<b>(24,589)</b>	<b>(3,368,196)</b>	<b>(3,392,785)</b>
<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
<b>Balance at 30 June 2019</b>	<b>83,961,448</b>	<b>(24,589)</b>	<b>(78,439,068)</b>	<b>5,497,791</b>

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



# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the 12 months ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Cash flows related to operating activities</b>			
Interest Received		56,541	70,994
Payments for research and development and other working capital		(4,033,673)	(3,186,799)
<b>Net operating cash flows</b>	<b>12</b>	<b>(3,977,132)</b>	<b>(3,115,805)</b>
<b>Cash flows related to investing activities</b>			
Purchase of intangibles		(2,188)	-
<b>Net investing cash flows</b>		<b>(2,188)</b>	<b>-</b>
<b>Cash flows related to financing activities</b>			
Net proceeds from issue of shares		-	9,310,287
Repayment of borrowings		-	-
Proceeds from borrowings		-	-
<b>Net financing cash flows</b>		<b>-</b>	<b>9,310,287</b>
Net increase / (decrease) in cash held		(3,979,320)	6,194,481
Net foreign exchange differences		31,182	(24,589)
Cash and cash equivalents at beginning of the period		6,303,695	133,803
<b>Cash and Cash Equivalents at the end of the period</b>		<b>2,355,557</b>	<b>6,303,695</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 15 September 2020.

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 \$4,528,035 (2019: net loss of \$3,368,196), with a net operating cashflow deficit of \$3,977,132 (2019: deficit of \$3,115,805)

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 the going concern assumption is appropriate for the 12 months to 30 June 2020. The Group cashflows show a funding deficiency if the Group were to continue on a business as usual basis. However the Group has capability in equity markets and the ongoing support of its major shareholder, Dilato Holdings Pty Ltd, such that the Board is comfortable that it will have 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.

### Changes in Accounting Policies Applied by the Group

The Group has determined that AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019) currently has no material impact to the consolidated financial statements for the year ended 30 June 2020.

## 3. Summary of Significant Accounting Policies

### 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.

### 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.

### 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.

### 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:

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;  
The Company has complied and continues to comply with the conditions for deductibility imposed by law; and

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

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.

## 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 2020.

## 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).

## Goods and services tax

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

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

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.

## 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.

## 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.

## 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.

## 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.

## 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 and tax losses.

#### Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the services offered, potential customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic. The board continues to actively monitor the situation.

# FINANCIAL STATEMENTS

PurifloH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 5. Other Expenses and Accounting Expenses

<b>Other Expenses</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
ASX Fees	57,753	58,380
Share Registry Services	7,630	16,526
Serviced Office	90,000	90,000
Legal Fees	18,256	26,330
Insurance	73,437	43,673
Directors Fees	162,000	281,144
Consulting - Other	156,848	127,500
Other	51,867	85,370
	<b>617,791</b>	<b>728,923</b>
<b>Accounting and Audit Expenses</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Accounting Fees	139,969	123,050
Audit Fees	27,332	33,650
	<b>167,301</b>	<b>156,700</b>

## 6. Income Taxes

<b>Income Tax Expense</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
<b>The major components of income tax expenses are:</b>		
<b>Income statement</b>		
Current income tax charge / (benefit)	-	-
<b>Deferred income tax</b>		
Relating to tax losses and origination and reversal of temporary differences	(4,359,252)	(3,297,050)
Deferred tax assets not brought to account	4,359,252	3,297,050
<b>Income tax expense reported in comprehensive income statement</b>	<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:</b>		
	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Accounting profit / (loss) before tax from continuing operations	(4,528,036)	(3,368,196)
<b>At the Company's statutory income tax rate:</b>		
Australia 27.5% (2019: 27.5%)	(1,245,210)	(926,254)
Adjustment for temporary differences (accruals)	46,416	19,566
Adjustment for amounts taxed at US rates (25.74%)	72,110	48,754
Net tax benefit utilised in the current period	(1,126,684)	(857,934)
Net tax benefit not recognised in the current period due to uncertainty of recoupment	1,126,684	857,934
<b>Income tax expense reported in comprehensive income statement</b>	<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

PurifloH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## Deferred Tax Assets

	Statement of Financial Position 30 June 2020 \$	Statement of Financial Position 30 June 2019 \$	Statement of Comprehensive Income 30 June 2020 \$	Statement of Comprehensive Income 30 June 2019 \$
Accruals and provisions	59,769	8,414	168,785	71,146
Losses	10,194,582	9,016,764	4,190,467	3,225,904
Deferred tax assets are not brought to account	10,254,351	9,025,178	(4,359,252)	(3,297,050)
<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 \$37,334,972. (2019: \$32,996,116) which are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

## 7. Earnings Per Share

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

	30 June 2020 \$	30 June 2019 \$
<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	(4,528,035)	(3,368,196)
<b>For diluted earnings per share:</b>		
Net Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	(4,528,035)	(3,368,196)
<b>(b) Weighted average number of shares</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Weighted average number of ordinary shares for basic earnings per share:	31,468,051	29,936,237
Effect of dilution:	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	31,468,051	29,936,237

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

## 8. Cash and Cash Equivalents

	30 June 2020 \$	30 June 2019 \$
AUD Accounts	151,465	61,339
USD Accounts	2,204,092	6,242,356
<b>Total</b>	<b>2,355,557</b>	<b>6,303,695</b>

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 9. Trade and Other Payables

Current	30 June 2020 \$	30 June 2019 \$
Trade payables (a)	1,572	10,280
Accruals	20,412	20,800
USA Trade and Other payables (b)	964,812	463,250
<b>Other related parties</b>		
Directors' Fees	23,000	346,994
Others (c)	38,500	48,000
<b>Balance</b>	<b>1,048,296</b>	<b>889,324</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 \$3,984,595 in consulting fees to Somnio including \$USD 403,532 (AUD \$587,981) owing as at 30 June 2020. Somnio is considered a related party of the Company.

### Available Facilities and Risk Exposure

The Company has no financing facilities.

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

## 10. Contributed Equity

	Note	30 June 2020 \$	30 June 2019 \$
Ordinary shares	(a)	84,352,846	83,961,448
<b>Balance</b>		<b>84,352,846</b>	<b>83,961,448</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 2020	No. of shares	\$
At 1 July 2019	31,382,956	83,961,447
Share issue <sup>i</sup>	140,542	391,399
Transaction Cost	-	-
<b>As at 30 June 2019</b>	<b>31,523,498</b>	<b>84,352,846</b>
12 months ended 30 June 2019	No. of shares	\$
At 1 July 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)
<b>As at 30 June 2019</b>	<b>31,382,956</b>	<b>83,961,447</b>

<sup>i</sup> The Company issued 140,542 shares to Directors at various prices in lieu of Director fees payable and as approved by shareholders at the Company's AGM held on 22 November 2019.



# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 11. Commitments and Contingencies

The Company has an ongoing 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.

In addition, the Company has an existing Licence and Service Provision Agreement which was executed 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 of approximately US\$200,000 per month.

The Fees paid to Somnio Global LLC cover:

annual costs including staff costs, rental payments and material and equipment costs (Development Costs); a monthly fee, to be reviewed bi-annually, payable by the Licensee to the Service Provider, which covers the Development Costs; (Development Fee); and 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.

Dilato Investments Pty Ltd and Somnio Global Holdings LLC, Somnio Global LLC are considered related parties of the Group. Refer to Note 15.

## 12. Cash Flow Information

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

	30 June 2020	30 June 2019
	\$	\$
Net profit / (loss) for the period	(4,528,035)	(3,368,196)
<b>Adjustments for:</b>		
<b>Non-cashflows in loss from ordinary activities:</b>		
Amortisation	4,358	-
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	67,404	(1,453)
(Increase)/decrease in prepayments	(6,211)	(4,566)
Increase/(decrease) in trade and other payables	485,352	258,410
<b>Net operating cash flows</b>	<b>(3,977,132)</b>	<b>(3,115,805)</b>

## 13. Auditors Remuneration

The auditor of PurifLOH Limited for the 12 months ended 30 June 2020 and 30 June 2019 is PKF Brisbane Audit.

	30 June 2020	30 June 2019
	\$	\$
Audit and review of the financial report of the company	30,100	28,800

## 14. Significant Events after Balance Sheet Date

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.

# FINANCIAL STATEMENTS

PurifloH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 15. Related Party Disclosures

### a. Related parties

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.

### b. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Fees paid for office space, accounting and administration services to Dilato Investments Pty Ltd. Refer to details in Note 11.

Dilato Investments Pty Ltd is a company controlled by Carl Le Souef. Dilato Holdings are the major shareholder of PurifloH Limited, currently holding 18,409,194 shares, being 58.39% of the Company.

Development fees paid to Somnio Global LLC and Licence fees paid to Somnio Global Holdings LLC. Refer to details in Note 11.

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; and

Mr Le Souef and Professor Mohanty as Board Members of PurifloH are also controlling shareholders of both Somnio Global LLC and Somnio Global Holdings LLC.

The Board of PurifloH Limited approved all of the Development, Success and Licence Fees independently and are comfortable that they are suitable "arms length" arrangements. Those approvals were made prior to Mr Le Souef and Professor Mohanty being appointed as Board Members of PurifloH Limited.

### c. Amounts outstanding from related parties

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 at 4% interest

### d. Amounts payable to related parties

#### Related Party Payables

	30 June 2020 \$	30 June 2019 \$
Directors' payables	12,000	345,394
Dilato payables	38,500	48,000
<b>Total</b>	<b>50,500</b>	<b>393,394</b>

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 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 2020.

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

	30 June 2020 \$	30 June 2019 \$
Short-term employee benefits	72,000	120,000
Post-employment benefits	-	-
Share-based payments	-	-
Termination payments	-	-
<b>Total</b>	<b>72,000</b>	<b>120,000</b>

### Amounts payable to KMP's

A total of \$23,000 in director and company secretary fees were payable as at 30 June 2020 (Refer to Director's Report) – as itemized below.

	30 June 2020 \$
William Parfet	-
Simon Lill	6,000
Carl Le Souef	-
Pravansu Mohanty	-
Steve Morris (i)	-
Steve Annear (i)	-
Lucia Cade (i)	-
<b>Total</b>	<b>23,000</b>

(i) No longer KMP at 30/06/2020

### Share holdings of key management as at 30 June 2020

2020	Balance at beginning of period 1 July 2019	Shares acquired during the year	Other adjustments	Balance at end of period 30 June 2020
<b>Non-executive directors</b>				
Steven Morris (i)	266,472	42,633	(309,105)	-
Lucia Cade (i)	-	18,128	(18,128)	-
Carl Le Souef (ii)	-	-	18,409,194	18,409,194
Pravansu Mohanty	-	-	-	-
William Parfet	5,271,601	11,684	-	5,283,285
<b>Total</b>	<b>5,538,073</b>	<b>72,445</b>	<b>18,081,961</b>	<b>23,692,479</b>
Simon Lill	251,250	37,470	-	288,720
Steve Annear (i)	250,000	35,597	(285,597)	-
<b>Total</b>	<b>501,250</b>	<b>73,067</b>	<b>(285,597)</b>	<b>288,720</b>
<b>Total</b>	<b>6,039,323</b>	<b>145,512</b>	<b>17,796,357</b>	<b>23,981,200</b>

- (i) Steven Morris, Lucia Cade and Steve Annear resigned as Directors on 22 November 2019 therefore their shareholdings as key management have been adjusted to nil as at 30 June 2020;
- (ii) Carl Le Souef was appointed as Director on 22 November 2019 therefore shareholdings held prior to being a key management personnel are added in as an Other adjustment.

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

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

2019	Balance at beginning of period 1 July 2018	Shares acquired during the year	Other adjustments	Balance at end of period 30 June 2019
<b>Non-executive directors</b>				
Steven Morris	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>-</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>-</b>	<b>501,250</b>
<b>Total</b>	<b>767,722</b>	<b>5,271,601</b>	<b>-</b>	<b>6,039,323</b>

## 16. Share based payments

During the 12 months ended 30 June 2020 there were 140,542 shares issued in lieu of Director fees payable at a variety of quarterly based prices. The value of the shares issued was \$46,000. The issue of these shares were approved by shareholders at the Company's AGM held on 22 November 2019. (2019: 93,429 shares issued at a price of \$0.40)

## 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

Market risk  
Foreign currency  
Interest rate  
Credit risk  
Liquidity risk  
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

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 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.

### Market risk

#### 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.

#### 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 2020 is nil.

	30 June 2020	30 June 2019
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents (i)	2,355,557	6,303,695
<b>Total</b>	<b>2,355,557</b>	<b>6,303,695</b>

(i) There was interest earned on the general operating bank accounts in the period ended 30 June 2020 of \$56,541 (2019 - \$70,994). The impact of potential movements in interest rates of +/- 2% are trivial in nature.

	30 June 2020	30 June 2019
	\$	\$
<b>Financial Liabilities</b>		
Short term loans	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Interest rate risk management

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

#### 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 2020	30 June 2019
	\$	\$
Cash and cash equivalents	2,355,557	6,303,695
	<b>2,355,557</b>	<b>6,303,695</b>

#### 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 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.

# FINANCIAL STATEMENTS

PurifloH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

The Group's amounts exposed to liquidity risk as at 30 June 2020 are:

	30 June 2020	30 June 2019
	\$	\$
<b>Financial Liabilities</b>		
Trade and other payables	1,048,296	889,324
<b>Total</b>	<b>1,048,296</b>	<b>889,324</b>

Amounts presented below represent the remaining contractual maturities of the Company's financial liabilities as at 30 June 2020:

	30 June 2020	30 June 2019
	\$	\$
<b>Financial Liabilities</b>		
12 months or less	1,048,296	675,436
1 – 5 years	-	213,888
Over 5 years	-	-
<b>Total</b>	<b>1,048,296</b>	<b>889,324</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.

## 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.

## 19. Parent Entity Information

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.

### Statement of Financial Position

	2020	2019
	\$	\$
<b>ASSETS</b>		
Current assets	8,484,921	8,644,198
Non-current assets	62,528	64,698
<b>TOTAL ASSETS</b>	<b>8,547,449</b>	<b>8,708,896</b>
<b>LIABILITIES</b>		
Current liabilities	83,484	415,438
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>83,484</b>	<b>415,438</b>
<b>EQUITY</b>		
Issued capital	84,352,841	83,961,448
Retained earnings	(75,888,876)	(75,667,990)
<b>TOTAL EQUITY</b>	<b>8,463,965</b>	<b>8,293,458</b>

### Statement of Profit or Loss and Other Comprehensive Income

Total Profit / (Loss)	(220,887)	(597,118)
<b>Total comprehensive income / (Loss)</b>	<b>(220,887)</b>	<b>(597,118)</b>

Current assets include loan receivable balance of USD \$ 4,499,320 (AUD \$6,555,908) as at 30 June 2020. Refer to details in Note 15 (c). This balance is eliminated at consolidation at the Group level.

# FINANCIAL STATEMENTS

PurifLOH Limited  
Annual Financial Report  
For the 12 months ended 30 June 2020

## 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 2020 and 2019.

Contingent liabilities  
The parent entity had no contingent liabilities as at 30 June 2020 and 2019.

Capital commitments  
The parent entity had no capital commitments as at 30 June 2020 and 2019.

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

## 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	
		2020	2019
PurifLOH USA Incorporated	United States	100%	100%

The Company has a US subsidiary called PurifloH USA Incorporated. This subsidiary was incorporated in Delaware, USA in late 2018. 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  
Annual Financial Report  
For the 12 months ended 30 June 2020

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

In the opinion of the directors:

the financial statements and notes, as set out on pages 14 to 31, are in accordance with the *Corporations Act 2001*, including:

complying with Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional reporting requirements, and

give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date;

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.

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



Simon Lill, Director  
Perth, 17 September 2020



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### PURIFLOH LIMITED

#### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of PurifLOH Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 Client and the consolidated entity comprising the Client and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of PurifLOH Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matter

A key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. 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.

We did not identify any key audit matters in the current year.

## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, 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 accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

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.

## Responsibilities of Directors' for the Financial Report

The Directors of the Client 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 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 the 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 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, individually 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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.
- 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.
- 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 group financial report. We are responsible for the direction, supervision and performance of the group 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.

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, actions taken to eliminate threats or safeguards applied.

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 the 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

### Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of PurifLOH Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

For personal use only

## Responsibilities

The Directors of the Client 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.

PKF BRISBANE



SHAUN LINDEMANN  
PARTNER

17 September 2020  
BRISBANE

For personal use only

## 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.

Substantial Shareholders			Twenty largest shareholders:	
The names of substantial shareholders in the Company are:				
Shareholder	Number of Ordinary Shares		Name	Number of ordinary shares held
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
Distribution of ordinary shareholdings			ANDRA M RUSH	650,000
Range of holdings	Number of shareholders	Number of Ordinary Shares	HOLBROOK CORPORATION PTY LTD	402,206
1 – 1,000	546	195,140	RIVECK NOMINEES PTY LTD	342,555
1,001 – 5,000	275	711,446	GEMTARA INVESTMENTS PTY LTD	305,576
5,001 – 10,000	66	500,577	CITICORP NOMINEES PTY LIMITED	291,445
10,000 – 100,000	90	2,380,880	STEVEN ANNEAR	285,597
100,001 and over	19	27,731,455	TARGO HOLDINGS PTY LTD	245,250
Total	996	31,519,498	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	241,855
Options			LAMPAM PTY LTD	170,000
The company has Nil Options on issue as at 30 June 2020			HOPETOUN NOMINEES PTY LTD	166,000
Voting Rights			ANTHONY MARK VAN DER STEEG	164,921
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.			MALCOLM RICHMOND	159,965
			SAUL ZAIDMAN	140,445
			ISAMG PTY LTD	135,850
			FERKEL PTY LTD	121,100
			RAYMOND MICALLEF	114,000
			CREDAL INTERNATIONAL LTD	113,895
			RANCLAND HOLDINGS PTY LTD	100,000
			<b>Total</b>	<b>27,831,455</b>
On-market buy-back			There is no current on-market buy-back	
Stock Exchange Listings			The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX code: PO3).	
			The Company also achieved listing on the OTCQX and trades as PUFLF.	