



ABN: 11 124 426 339

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

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For the half year ended 31 December 2021

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PurifLOH Limited

ABN: 11 124 426 339

Directors

Mr. Carl Le Souef (Chairman)

Mr Simon Lill (Non-Executive Director)

Mr. Jonathan (Jon) Evans (Executive Director)

Dr. Alexei (Alex) Sava (Technical Director)

Company Secretary

Mr Simon Lill

Registered Office

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

Telephone : (03) 9673 9690

Facsimile: (03) 9673 9699

Email: corporate@purifloh.com

Website: www.Purifloh.com

Securities Exchange Listing

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

ASX Stock Code: PO3

OTC Code: PUFLF

Share Registry

Link Market Services

Locked Bag A14
SYDNEY SOUTH NSW 1235

Phone: 1300 554 474 or (02) 8280 7111

International: +61 2 8280 7111

Fax: (02) 9287 0303

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

Auditors

PKF Brisbane Audit

Level 6,
10 Eagle Street
BRISBANE QLD 4000

Company Solicitors

Steinepreis Paganin

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

DIRECTORS' REPORT

PurifLOH Limited
Interim Financial Report
For the half year ended 31 December 2021

The Directors of PurifLOH Limited ('the Company') submit herewith the half-year financial report of the consolidated entity consisting of the Company and entities it controlled ('the consolidated entity') for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The following persons held office as directors of PurifLOH Limited during and since the end of the financial period:

Mr Carl Le Souef
Mr Simon Lill
Mr Jonathan Evans
Dr Alexei Sava

REVIEW OF OPERATIONS

The Company has reported on its activities during the half year through the Appendix 4C released on 31 January 2022.

Having finally been able to move between Victoria and South Australia the Company has commenced work with Osmoflo in South Australia, with work designed to show that the Company's FRG technology is able to assist to reduce the fouling of the membranes in Reverse Osmosis. The program continues and the Company expects to report results once the program has been finalized.

The Company continues to seek a suitably certified laboratory to conduct and finalise Covid-19 test work. To date the Company has not been able to finalise a suitable test though has previously advised of some initial encouraging results.

A review of the Company's different opportunities for the FRG technology has indicated that the most suitable opportunity at the moment is with the ACERT unit, a unit where the company can see a niche demand and believes it can provide a product at an affordable price.

Part of the strategic review undertaken by the Company recommended that the Company needs to simplify its structure so that it has greater control of its own destiny. To that end it is seeking to adjust its relationship with Somnio Global of Detroit and start to manage its own Research and Development activities within Australia. It will continue to utilize Somnio's capabilities on an as required and as agreed basis – it retains a relationship with Somnio to assist the Company moving forward.

Moving the Company's R&D focus to Australia has seen a significant reduction in costs, which has also assisted the Company's cashflow requirements.

The Company continues to be funded by Dilato Holdings who have agreed a \$3M financing facility with the Company, of which \$520,000 has been drawn down. The Company during the next period will be working towards arranging alternative sources of finance with Dilato's support. The Company notes that Dilato has previously converted significant quantities of debt to equity in the past, and this remains a possible outcome.

The Company acknowledges that the half year just passed has been disappointing in terms of progress and activity. The Board seeks to improve on that outcome during the forthcoming half.

DIRECTORS' REPORT

PuriflOH Limited
Interim Financial Report
For the half year ended 31 December 2021

Auditor's Independence Declaration

A copy of our auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 6.

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

On behalf of the Directors



Simon Lill
Director
28 February 2022

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2022
BRISBANE

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DIRECTORS' DECLARATION

PurifLOH Limited
Interim Financial Report
For the half year ended 31 December 2021

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

In the opinion of the directors:

- a) The financial statements and notes set out on pages 10 to 16 are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year then ended; and
 - ii) complying with Accounting Standard AASB134: *Interim Financial Reporting*, and.
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the board

Simon Lill
Director
28th day of February 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of PuriflOh Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

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

PKF Brisbane Audit ABN 33 873 151 348

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2022
BRISBANE

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Consolidated Statement of Profit and Loss and Comprehensive Income

For the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue			
Revenue from continuing operations		79,090	-
Other Income			
Interest income		-	17
Realised FX Gain		82	-
Unrealised FX Gain		270,657	-
Total Revenue and Other Income		349,829	17
Expenses			
Research and Development – Somnio		(79,066)	(1,080,825)
General and Admin – Somnio		-	(221,045)
Amortisation Expense – trade marks		(1,995)	(2,153)
Accounting and audit	4	(76,983)	(80,325)
Other Expenses	4	(424,431)	(441,320)
Finance costs		(19,134)	(85)
Realised FX Loss		-	(81,170)
Unrealised FX Loss		-	(820,759)
Total expense		(601,609)	(2,727,682)
Profit/(Loss) before income tax		(251,780)	(2,727,665)
Income tax expense		-	-
Net profit/(Loss) for the period		(251,780)	(2,727,665)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(296,528)	870,812
Total Comprehensive Income/(Loss) for the period		(548,308)	(1,856,853)
Attributable to owners of the parent entity		(548,308)	(1,856,853)
Basic earnings Profit/(loss) per share (cents)		(0.799)	(8.653)
Diluted earnings Profit/(loss) per share (cents)		(0.799)	(8.653)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and cash equivalents	5	25,688	30,218
Other receivables		20,454	24,871
Prepayments		1,170	17,609
Total Current Assets		47,312	72,698
Non-Current Assets			
Intangible assets - trade marks		65,560	67,555
Total Non-Current Assets		65,560	67,555
Total Assets		112,872	140,253
Liabilities			
Current Liabilities			
Trade and other payables	6	1,191,160	1,056,594
Borrowings – Dilato		537,950	151,589
Total Current Liabilities		1,729,110	1,208,183
Total Liabilities		1,729,110	1,208,183
Net Assets/(Liabilities)		(1,616,238)	(1,067,930)
Equity/ (Shareholders' Deficit)			
Contributed equity		84,352,846	84,352,846
Foreign exchange translation reserve		337,780	634,308
Accumulated losses		(86,306,864)	(86,055,084)
Total Equity/ (Shareholders' Deficit)		(1,616,238)	(1,067,930)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PurifIOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2020	84,352,846	6,593	(82,967,103)	1,392,336
Profit/(Loss) for the period	-	-	(2,727,665)	(2,727,665)
Other comprehensive income	-	870,812	-	870,812
Total comprehensive income (loss) for the period	-	870,812	(2,727,665)	(1,856,853)
Equity Transactions				
Issue of shares during the year	-	-	-	-
Transaction costs net of tax	-	-	-	-
Balance at 31 December 2020	84,352,846	877,405	(85,694,768)	464,517

For the half-year ended 31 December 2021

	Contributed Equity	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	84,352,846	634,308	(86,055,084)	(1,067,930)
Profit/(Loss) for the period	-	-	(251,780)	(251,780)
Other comprehensive income	-	(296,528)	-	(296,528)
Total comprehensive income (loss) for the period	-	(296,528)	(251,780)	(548,308)
Equity Transactions				
Issue of shares during the year	-	-	-	-
Transaction costs net of tax	-	-	-	-
Balance at 31 December 2021	84,352,846	337,780	(86,306,864)	(1,616,238)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

Note	31 December 2021 \$	31 December 2020 \$
Cash flows related to operating activities		
Interest Received	-	17
Payments for research and development and other working capital	(365,132)	(3,044,492)
Net operating cash flows	(365,132)	(3,044,475)
Cash flows related to financing activities		
Proceeds from borrowings	386,361	-
Net financing cash flows	386,361	-
Net increase / (decrease) in cash held	21,229	(3,044,475)
Net foreign exchange differences	(25,759)	870,812
Cash and cash equivalents at beginning of the period	30,218	2,355,557
Cash and Cash Equivalents at the end of the period	25,688	181,894

The accompanying notes form part of these financial statements.

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FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Notes to the consolidated half-year Financial Statements

1. Reporting Entity

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

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

The consolidated half-year financial report was authorised for issue in accordance with a resolution of the directors on 28 February 2022.

2. Statement of Accounting Policies

Basis of preparation for the half-year report

This consolidated interim financial report for the half-year ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by PuriflOH Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going Concern

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

The Directors note that the report shows a net loss for the half year period of \$251,780 (2020: net loss of \$2,727,665) and a net operating cash outflow of \$365,132 (2020: outflow of \$ 3,044,475), and a net current asset deficiency of \$1,681,798 (30 June 2021: deficiency of \$1,135,485)

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that despite the recorded loss and operating cash outflows for the half year period, at the date of signing the half year financial statements to 31 December 2021, the Group has sufficient funding as a result of the facility provided by Dilato Holdings for at least the next 12 months.

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

- The ongoing support of the major shareholder of the Company, Dilato Holdings Pty Ltd;
- The ability to raise additional capital.
- The ability to easily reduce expenditure to match cashflow requirement.

Accounting Policies

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

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

3. Segment Information

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

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FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Notes to the consolidated half-year Financial Statements

4. Other Expenses and Accounting Expenses

Other Expenses	31 December 2021 \$	31 December 2020 \$
ASX Fees	40,730	29,080
Share Registry Services	3,516	3,182
Serviced Office	45,000	45,000
Legal Fees	2,634	14,913
Insurance	31,197	45,360
Directors Fees	151,002	36,000
Consulting - Other	93,032	211,863
Other	57,320	55,922
Total	424,431	441,320

Accounting and Audit Expenses	31 December 2021 \$	31 December 2020 \$
Accounting Fees	64,831	67,610
Audit Fees	12,152	12,715
Total	76,983	80,325

5. Cash and Cash Equivalents

	31 December 2021 \$	30 June 2021 \$
AUD Accounts	23,231	18,792
USD Accounts	2,457	11,426
Total	25,688	30,218

6. Trade and Other Payables

	31 December 2021 \$	30 June 2021 \$
Trade Payables	157	103,561
Accruals	12,000	24,543
USA Trade and Other payables	755,336	717,490
Other Related Parties		
Directors Payable	154,167	57,000
Other Payables	269,500	154,000
Balance	1,191,160	1,056,594

7. Commitments and Contingencies

The Company has an ongoing agreement with Dilato Holdings to provide office space in Melbourne for \$7,500 per month and accounting and administration services for \$10,000 per month. Dilato Holdings are the major shareholder of PuriflOH Limited, currently holding 18,409,644 shares, being 58.40% of the Company.

In addition, the Company executed a Licence Agreement on 2 November 2018 with Somnio Global Holdings LLC as Licensor of the Technology and Somnio Global LLC as Service Provider. The initial Agreement was for the Service Provider to provide services for the development of the Products and Processes, on the terms and conditions of the Agreement. The Company has paid, within the Terms and Conditions of that Agreement, ongoing Service fees to Somnio Global LLC of approximately US\$150,000 per month since the licence execution date, up until the first half of calendar year 2021.

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FINANCIAL STATEMENTS

PuriflOH Limited
Interim Financial Report
For the half-year ended 31 December 2021

Notes to the consolidated half-year Financial Statements

7. Commitments and Contingencies (continued)

The Company has agreed with Somnio to substantially reduce the activity of Somnio whereby PuriflOH now only pay Somnio on a case-by-case basis.

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

There were no other material changes in contingent liabilities or contingent assets since the end of the last annual reporting period of 30 June 2021.

8. Subsequent Events

There have been no material subsequent events.

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