



ABN 52 127 734 196

Annual Financial Report

For the Year Ended 31 December 2015

(Formerly Savcor Group Limited)

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Directors' Report

The Directors present their report, together with the financial statements for the financial year ended 31 December 2015, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Emefcy Group Limited (referred to hereafter as the 'company' or 'parent entity') and Emefcy Limited; a wholly owned, Israel based subsidiary acquired on 18 December 2015.

Overview of presentation of the Directors Report and results for the year ended 31 December 2015

As described in the section below “Significant Changes in the State of Affairs” as a consequence of the acquisition of Emefcy Limited, the principles of reverse acquisition accounting apply in the presentation of financial results, as if Emefcy Limited (Israel) acquired Emefcy Group Limited.

Therefore, the financial results for the year ended 31 December 2015 reflect the results of Emefcy Group Limited (formerly Savcor Group Limited) for the thirteen days from 18 December 2015 (date of acquisition) to 31 December 2015, and the financial position of Emefcy Limited (Israel) as at 31 December 2015 and 31 December 2014, and full operating results and cash flows of Emefcy Limited (Israel) for the financial years ended 31 December 2015 and 31 December 2014.

This Directors' Report, prepared in accordance with the Corporations Act, reports on the activities of Emefcy Group Limited and its subsidiary during the financial year.

The Company changed its name from Savcor Group Limited to Emefcy Group Limited on 18 December 2015. The functional and presentation currency adopted by the consolidated entity in the preparation of the Directors' Report and the financial statements is US dollars.

Directors

The following persons were Directors of Emefcy Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Richard Irving - Executive Chairman (appointed 18 December 2015)
Eytan Levy – Managing Director & CEO (appointed 18 December 2015)
Ross Haghighat - Director (appointed 18 December 2015)
Peter Marks – Director (appointed 12 March 2015)
Phillip Hains – Director (appointed 12 March 2015)
Vincent Savage - Director (appointed 12 March 2015 resigned 18 December 2015)
Hannu Savisalo (resigned 12 March 2015)
Ilkka Savisalo (resigned 12 March 2015)

Dividends

There were no dividends paid during the financial year.

Review of operations

The consolidated loss for the company after income tax for the reporting period was US\$ 9,088,500 (2014: loss of US\$ 2,020,000). This figure includes the non-cash costs associated with the reverse takeover of Emefcy Group Limited of US\$5,801,624 and cash costs of US\$2 million, with US\$1 million paid at 31 December 2015 and US\$1 million recorded as a liability. There is no tax payable or refund due during the current reporting period (2014: Nil).

The results also reflect 13 days for Emefcy Group Limited in 2015 and the full year operating losses for Emefcy Limited (Israel) in 2015 and 2014.

For further details relating to the current period's results, refer to the Operations Report contained within this document.

Significant changes in the state of affairs

The company, formerly known as Savcor Group Limited, successfully completed a Deed of Company Arrangement on 12 March 2015, at which time the existing directors and officers resigned from the company and new directors were appointed.

The newly appointed Savcor Directors targeted global opportunities in environmentally clean technologies. This broader industry has a number of strong market drivers including a growing global population, finite natural resources and in many countries, government legislated carbon reduction requirements. All of these factors combine into an industry anticipated to create persistent, increasing demand and need for new innovative solutions.

A number of innovative companies with potential opportunities were evaluated. Two companies in the water technology segment were shortlisted for detailed due diligence. Emefcy Limited (Israel), an award-winning Israeli company with advanced energy efficient wastewater treatment solutions became the primary candidate for acquisition.

Acquisition of Emefcy Limited (Israel)

On 20 July 2015, the company entered into a binding Term Sheet, subject to certain conditions, with the Vendors of Emefcy Limited (Israel) – a company incorporated and operating in Israel.

The company completed the acquisition of Emefcy Limited (Israel) and changed its name from Savcor Group Limited to Emefcy Group Limited on 18 December 2015.

The consideration for the acquisition was the issue of 65,000,000 fully paid ordinary shares to the shareholders of Emefcy Limited (Israel) ("the Vendors"). In addition, the Vendors are eligible to be issued a further total of 45,000,000 shares on the satisfaction of each of two commercial milestones (22,500,000 shares per milestone). Also, at the date of acquisition one Vendor received US\$1 million on completion in lieu of receiving shares plus a non-convertible interest free note giving them a further entitlement to a further maximum of US\$2 million on the satisfaction of each of the same two commercial milestones (US\$ 1 million per milestone).

As the first milestone is considered to be virtually assured of being satisfied, the additional US\$1 million consideration payable to this Vendor has been taken into account in the reported results and financial position as at 31 December 2015. It should be noted however that the actual cash payment is not due until the earlier of 18 June 2018 or a subsequent capital raising being successfully completed.

In support of the acquisition, the company exceeded its minimum offering target and raised approximately US\$ 9.8million (AU\$ 13.8 million) through a public offering of shares at AU\$0.20 in the company in December 2015.

Through the acquisition, the Vendor shareholders of Emefcy Limited (Israel) have the potential, subject to satisfaction of milestones, to own a majority of the issued capital of the company. Consequently, the principles of reverse acquisition accounting apply in the presentation of the financial position and financial results of the consolidated entity, as if Emefcy Limited (Israel) acquired Emefcy Group Limited.

The financial results for the year ended 31 December 2015 reflect the operating results of Emefcy Group Limited (formerly Savcor Group Limited) for the thirteen days from 18 December 2015 (date of acquisition) to 31 December 2015, and the operating results of Emefcy Limited (Israel) for the financial year ended 31 December 2015. Comparative information presented in the financial statements is Emefcy Limited (Israel) for the financial year ended 31 December 2014. The directors of the consolidated entity have adopted US dollars as the most appropriate presentation currency.

Principal Activities

The principal activities of Emefcy Group Limited are described in the two sections above "Significant changes in the state of affairs" and "Acquisition of Emefcy Limited (Israel)".

Emefcy Limited (Israel)'s principal activities in the course of the financial year were the research, development and commercialisation of innovative wastewater treatment systems: incorporating Spiral Aerobic Biofilm Reactor ("SABRE") and Electrogenic Bio Reactor ("EBR") technologies, for use in decentralised settings.

The acquisition of Emefcy Limited took effect as of 18 December 2015.

Other than the above, there were no other significant changes in the nature of the Company's principal activities during the financial year.

Review of Operations

SABRE "Spiral Aerobic Biofilm Reactor" is a modular decentralised wastewater treatment solution offering a number of significant advantages compared to traditional wastewater treatment technologies, including:

Relatively low capital cost;

An estimated 90% saving on energy costs;

Decentralised system ideal for neighbourhood, resort, remote or off-grid locations;

Modular in construction and readily expandable; and

Lower maintenance.

Following twelve months of successful field trials, in the December quarter 2015, Emefcy Limited (Israel) achieved the first commercial sale of the SABRE technology to the Ha-Yogev municipality in Israel with revenues anticipated from the project commencing in the first quarter of 2016.

Ha-Yogev is a rural community surrounded by agricultural fields in the valley of Jezreel, Israel. Its extensive wastewater treatment plant receives combined domestic and cowshed wastewater, and the effluent is intended for irrigation nearby. However, due to high load coming from the cowshed, ammonium concentration in treated water is far above allowed limits.

Emefcy was selected and has completed building SABRE modules for a commercial-scale plant which improves the quality of the treated water by implementing its patented SABRE technology to remove excess ammonia to comply with local requirements. Projected size of this phase of the project is approximately US\$576k of which the expected revenue for Emefcy is US\$274k in 2016. The installation of the modules is imminent.

Once the plant is fully operational this will be a very important proof point of the viability of Emefcy's SABRE technology for municipalities, agricultural communities, and wastewater reuse.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The company has been reinvigorated through the acquisition of Emefcy Limited (Israel) and its award winning wastewater treatment technology and team with the experience and credentials to deliver this technology to global markets. The newly established Board of Directors is highly experienced in the commercialisation of world class technology and comprises Richard Irving Executive Chairman, Eytan Levy Managing Director & CEO, Ross Haghighat Non-Executive Director, Peter Marks Non-Executive Director, and Phillip Hains Non-Executive Director and Joint Company Secretary.

The company's future generation products SABRE2 and SUBRE are higher capacity solutions being developed for broader markets. Emefcy's future technology under development - the Electrogenic Bio Reactor (EBR) system is an innovative solution for wastewater treatment, based on microbial fuel cell technology. It enables direct electricity generation from wastewater thereby removing biological contamination and treating the wastewater. EBR is designed to harvest electricity from highly-loaded industrial wastewater that is typically very costly to treat. The energy's value has the potential to completely offset other treatment operating costs.

In addition to exploring entry strategies into other large markets, particularly the very large Chinese market, Emefcy is also refining its "water as a service" model which has the potential to turn the company into a mini-utility, with annuity-type income streams.

The company's stated vision is: *To become the market leader for resource-efficient & energy-positive wastewater treatment within our target segments in municipal & industrial wastewater by 2020, a market estimated at over US\$5.7 billion.*

The company's goals for 2016 towards achieving the five year vision are clearly defined and include revenue, sales, product and market goals; details of which are available on the company's website www.emefcy.com.

Information on Directors

Name:	Richard Irving
Title:	Executive Chairman
Qualifications:	B. Sc. (First class honours) in Electrical Engineering, Manchester University, UK M. Sc. Electrical Engineering, Manchester University, UK
Experience and expertise:	Richard is based in Silicon Valley, co-founded Pond Venture Partners in 1997 and brings 30 years' experience in venture capital, business management, marketing and engineering with over 30 start-ups. Richard has participated in over \$3B of IPOs, acquisitions, and private financings. Richard has worked in technology companies since 1982 including chip design at AT&T Bell Labs 1982-86, Marketing Dept Manager AMD 1986 - 1989, VP Graphics, Imaging & Multimedia at Brooktree 1990 – 1994 and has been self-employed at Irving International (technology consulting 1989 & 1994 - 1997). Richard joined the Board of Emefcy Group Limited on 18 December 2015 in the role of Executive Chairman.
Other current Directorships:	None
Former Directorships (last 3 years):	None
Special responsibilities:	Executive Chairman Member of the Remuneration and Nomination Committee
Interests in shares:	Richard has an indirect interest through Pond Venture Nominees III Limited in 21,629,388 shares in the company.
Interests in options:	Direct interest in 500,000 employee options with an exercise price of AU 30 cents and 500,000 employee options with an exercise price of AU 40 cents
Contractual rights to shares:	As noted above, Mr Irving has an indirect interest in Pond Venture Nominees III Limited, which is one of the Vendors of Emefcy Limited (Israel). Pursuant to the Emefcy – Savcor Share Purchase Agreement dated 8 October 2015, Pond Venture Nominees III Limited has an entitlement to Deferred Shares in the company, subject to defined milestones being met. In the event of the first milestone being satisfied, which is expected to be achieved, Pond Venture Nominees III Limited will be issued a further 7,314,692 shares in the company. In the event of the second milestone being satisfied, Pond Venture Nominees III Limited will be issued a further 7,320,499 shares in the company.
Name:	Eytan Levy
Title:	Managing Director and Chief Executive Officer
Qualifications:	B. Sc. (cum laude) in Chemical Engineering, Technion, Israel MBA, Bar-Ilan University Israel
Experience and expertise:	With 25 years' technical experience, Eytan has been recognised as one of Israel's leading water technology entrepreneurs. Prior to founding Emefcy, Eytan was the co-founder and CEO of AqWise, leading AqWise's successful entry into the waste water treatment market, building strategic relationships with integrators and key market

participants and positioning it as a recognized leader in advanced biological wastewater treatment. AqWise has over 350 installations in 30 countries. Eytan was also part of the founding team and a Venture Partner in Israel Cleantech Ventures, the leading venture capital fund focused on backing Israel's emerging cleantech technology companies.

Other current Directorships:	None
Former Directorships (last 3 years):	None
Special responsibilities:	Nil
Interests in shares:	Direct interest in 6,409,416 ordinary shares
Interests in options:	Direct interest in 1,000,000 employee options with an exercise price of AU 30 cents and 3,000,000 employee options with an exercise price of AU 40 cents
Contractual rights to shares:	Mr Levy is one of the Vendors of Emefcy Limited (Israel). Pursuant to the Emefcy – Savcor Share Purchase Agreement dated 8 October 2015, Mr Levy has an entitlement to Deferred Shares in the Company, subject to defined milestones being met. In the event of the first milestone being satisfied, which is expected to be achieved, Mr Levy will be issued a further 2,858,394 shares in the Company. In the event of the second milestone being satisfied, Mr Levy will be issued a further 3,104,550 shares in the Company.
Name:	Ross Haghighat
Title:	Non-Executive Director
Qualifications:	B.Sc. and a Masters in Material Science in Organometallic Chemistry, Rutgers University (US) MBA (US)
Experience and expertise:	Ross has in excess of 25 years' experience in product venturing with ten start-ups, including five exits and in excess of \$4B in shareholder value created. Ross is based in Boston, Director of NASDAQ-listed Aduro Biotech, Managing Partner of Triton Systems, Inc., and served on Board of S12 Technologies and FRX Polymers.
Other current Directorships:	Aduro Biotech, Inc, Triton Systems, Inc, , FRX Polymers, Inc
Former Directorships (last 3 years):	
Special responsibilities:	Chair of the Remuneration and Nomination Committee and Member of the Audit and Risk Committee.
Interests in shares:	None
Interests in options:	Direct interest in 500,000 employee options with an exercise price of AU 30 cents and 500,000 employee options with an exercise price of AU 40 cents
Contractual rights to shares:	None

Name:	Peter Marks
Title:	Non-Executive Director
Qualifications:	Bachelor of Economics degree, a Bachelor of Law degree and Graduate Diploma in Commercial Law, Monash University, Melbourne, Australia MBA degree from the University of Edinburgh, Scotland
Experience and expertise:	Peter has in excess of 30 years' experience in corporate finance, specialising in capital raisings (for listed and unlisted companies), underwriting, IPOs and venture capital transactions, including KPMG Corporate Finance Ltd (Australia) and Merrill Lynch. Has acted as Director and Chairman for a number of listed entities in the ASX and AIM – a sub-market of the London Stock Exchange. Peter has been a Director of the Company since 12 March 2015.
Other current Directorships:	Prana Biotechnology Limited and Armadale Capital Plc
Former Directorships (last 3 years):	
Special responsibilities:	Member of the Remuneration and Nomination Committee and Chair of the Audit and Risk Committee.
Interests in shares:	Indirect interest in 1,547,052 shares
Interests in options:	Direct interest in 500,000 options with an exercise price of AU 30 cents and 500,000 options with an exercise price of AU 40 cents Indirect interest in 707,351 share options with an exercise price of AU 6 cents
Contractual rights to shares:	None

Name:	Phillip Hains
Title:	Non-Executive Director and Joint Company Secretary
Qualifications:	Master of Business Administration from RMIT, Melbourne Australia and a Public Practice Certificate from the Institute of Chartered Accountants, Australia and New Zealand.
Experience and expertise:	Philip is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'.

The CFO Solution focuses on providing back-office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services.

Phillip has been a Director of the company since 12 March 2015.

Directors' Report *Continued.....*

Other current Directorships:	Nil
Former Directorships (last 3 years):	BKM Management Limited (ASX: BKM) from 7 December 2012 to 25 June 2014 West Wits Mining Limited (ASX: WWI) from 1 February 2011 to 3 May 2013
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	Indirect interest in 468,111 shares
Interests in options:	Indirect interest in 250,000 share options with an exercise price of AU 15 cents and 76,870 share options with an exercise price of AU 6 cents
Contractual rights to shares:	None

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

Company secretary

Ross Kennedy was appointed Joint Company Secretary on 23 December 2015. Ross was previously Company Secretary and Executive General Manager of St Barbara Limited for ten years. Ross is an experienced Company Secretary, holding the professional qualifications of Fellow Governance Institute of Australia; Fellow Australian Institute of Company Directors; and Chartered Accountant.

Phillip Hains was appointed Joint Company Secretary on 12 March 2015.

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2015, and the number of meetings attended by each Director were:

Between 1 January 2015 to 17 December 2015	Full board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Peter Marks	14	14	1	1
Phillip Hains	14	14	1	1
Vincent Savage	14	14		

Between 18 December 2015 to 31 December 2015	Full board	
	Attended	Held
Richard Irving	1	1
Eytan Levy	1	1
Ross Haghighat	1	1
Peter Marks	-	-
Phillip Hains	-	-

The company established an Audit & Risk Committee and a Remuneration and Nomination Committee on 23 December 2015, but no meetings of either of these committees were held during the remainder of the year.

(Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.)

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law, or Israel law.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. The remuneration for the Directors and Officers of Emefcy Group Limited (formerly Savcor Group Limited) are shown for the full financial year. As described earlier, the company acquired Emefcy Limited (Israel) on 18 December 2015.

As reported in the 31 December 2014 Financial Statements, the company was placed into Voluntary Administration on 27 June 2014. The Administrators at that time noted there was insufficient accounting information to report on remuneration payments for the 2014 year. Accordingly, this report contains no comparative numbers for that year. Further, as the business of the company changed substantially with the acquisition of Emefcy Limited Israel on 18 December 2015, the inclusion of Company performance data for the previous 5 years is not considered to be meaningful and has not been included.

This report principally describes the remuneration principles adopted by the combined group with effect from 18 December 2015.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

(a) Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The newly established Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration and Nomination Committee is in the process of structuring an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity, including:

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-executive Directors and executive remunerations are separate.

Non-executive Directors remuneration

Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors may receive share options but do not receive other incentives.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. The most recent determination was that shareholders approved an aggregate remuneration of US 364,900.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

A short-term incentive ('STI') program is planned to be designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments may be granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include meeting or exceeding budget goals for the year. No short term incentives have been paid in the 2015 financial year.

Long-term incentives ('LTI') include share-based payments. An employee option plan was approved by shareholders on 17 November 2015. Options are awarded to executives over a period of three to four years as long-term incentive and retention incentive measures. Based on the recent capital raising at AU 20 cents per share, options with a three year term have an exercise price of AU 30 cents each, while options with a four year term have an exercise price of AU 40 cents each. To be eligible to exercise performance options, an executive must remain in continuous employment with the company up to and including the exercise date. In view of the significant premium in the exercise price of employee options to the capital raising price, separate performance conditions other than continuing employment have not been added.

Consolidated entity performance and link to remuneration

Directors consider that the option program and these exercise prices provide incentives to management and Directors which are aligned with the interests of shareholders to lift the value of the company in the medium term. Remuneration for certain individuals is directly linked to the share price performance of the consolidated entity through the employee option program.

The Remuneration and Nomination Committee is of the opinion that the adoption of performance based compensation will continue to increase shareholder wealth if maintained over the coming years.

As described earlier, the consolidated loss for the company after income tax for the reporting period was US\$ 9,088,500 (2014: loss of US\$ 2,020,000), but does not represent the underlying performance of Emefcy Limited Israel for the purposes of aligning remuneration with company performance. The consolidated loss includes the non-cash costs associated with the reverse takeover of Emefcy Group Limited of US\$5,801,624 and cash costs of US\$2 million, with US\$1 million paid at 31 December 2015 and US\$1 million recorded as a liability.

The company shares were not traded at the start of the year as the company was in Administration. The share price at 31 December 2015 was AU 26 cents, which compares favourably to the public offer price in October and November 2015 of AU 20 cents.

(b) Details of remuneration - pre-acquisition of Emefcy Limited (Israel) (1 January 2015 to 17 December 2015)

Amounts of remuneration

The key management personnel of the consolidated entity consisted of the following Directors of Emefcy Group Limited:

- Peter Marks –Executive Chairman (appointed 12 March 2015)
- Phillip Hains – Non-Executive Director (appointed 12 March 2015)
- Vincent Savage - Non-Executive Director (resigned 18 December 2015)
- Hannu Savisalo (resigned 12 March 2015)
- Iikka Savisalo (resigned 12 March 2015)

Details of the remuneration of key management personnel of the consolidated entity prior to the acquisition of Emefcy Limited are set out below.

1-January 2015 to 17-December-2015	Short-term employment benefits			Post-employment benefits	Share-based payment		Total US\$
	Cash, salary & fees	Cash bonus	Non- Monetary	Superannuation	Shares issued	Equity settled Options ¹	
	US\$	US\$	US\$	US\$	US\$	US\$	
Directors							
Peter Marks	34,960	-	-	-	-	7,440	42,400
Phillip Hains	34,960	-	-	-	-	4,650	39,610
Vincent Savage	21,894	-	-	-	-	4,650	26,544
Hannu Antero	-	-	-	-	-	-	-
Iikka Tuomas	-	-	-	-	-	-	-
	91,814	-	-	-	-	16,740	108,554

¹ This relates to the 900,000 options granted to the Directors as an incentive based form of remuneration. The issue of options were approved by shareholders at the AGM dated 7th May 2015. The options are valued using Black Scholes valuation method. For further information, please refer to Note 16 Share Based Payments.

Issue of Shares

The number of shares in the company held during the period 1 January 2015 to 17 December 2015 by each Director, including their personally related parties, are set out below.

	Balance at start of year	Received as compensation	Options exercised	Net change other ¹	17-December-2015
Directors					
Peter Marks	-	-	-	1,297,052	1,297,052
Phillip Hains	-	-	-	418,111	418,111
Vincent Savage	-	-	-	187,500	187,500
	-	-	-	1,902,663	1,902,663

¹Net change other represents Director's participation in capital raisings.

Issue of Options

The number of options over ordinary shares in the company held during the period 1 January 2015 to 17 December 2015 by each Director, including their personally related parties, are set out below.

	Balance at start of the year	Granted as compensation	Option Expired	Net change other ¹	Balance at 17 December 2015	Vested & exercisable	Escrowe d & unveste d
Directors							
Peter Marks	-	400,000	-	307,351	707,351	707,351	-
Phillip Hains	-	250,000	-	76,870	326,870	326,870	-
Vincent Savage	-	250,000	-	-	250,000	250,000	-
	-	900,000²	-	384,221	1,284,221	1,284,221	-

¹ Net change other represents Director's participation in capital raising.

² 900,000 options were granted to the Directors as an incentive based form of remuneration. The issue of options was approved by shareholders at the AGM dated 7th May 2015.

(c) Details of remuneration - post-acquisition (18 December 2015 to 31 December 2015)

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity following completion of the acquisition of Emefcy Limited on 18 December 2015 are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of Emefcy Group Limited:

Richard Irving - Executive Chairman (appointed 18 December 2015)
 Eytan Levy Managing Director & CEO (appointed 18 December 2015)
 Ross Haghighat - Non-Executive Director (appointed 18 December 2015)
 Peter Marks - Non-Executive Director
 Phillip Hains - Non-Executive Director and Company Secretary

And the following persons:

Ross Kennedy - Company Secretary and Advisor to the Board
 Ronen Shechter - Chief Technical Officer, Emefcy Limited
 Yaron Bar Tal - Vice President Engineering, Emefcy Limited
 Lior Zitershpil, Finance Manager, Emefcy Group Limited

Directors' Report *Continued.....*

18-December-2015 to 31-December-2015	Short-term employment benefits			Post-employment benefits	Share-based payment		Total US\$
	Cash, salary & fees	Cash bonus	Non-Monetary	Superannuation	Shares issued	Equity settled Options	
	US\$	US\$	US\$	US\$	US\$	US\$	
Directors							
Peter Marks	1,530	-	-	-	-	2,851	4,381
Phillip Hains	1,530	-	-	-	-	-	1,530
Ross Haghighat	1,530	-	-	-	-	2,851	4,381
Executive Directors:							
Richard Irving	3,570	-	-	-	-	2,851	6,421
Eytan Levy	7,239	-	-	-	-	86,058	93,297
	15,399	-	-	-	-	94,611	110,010
Key Management Personnel							
Ross Kennedy	1,989	-	-	-	-	356	2,345
Ronen Shechter	6,960	-	-	-	-	-	6,960
Yaron Bar-Tal	5,484	-	-	-	-	473	5,957
Lior Zitershpiler	2,302	-	-	-	-	316	2,618
	16,735	-	-	-	-	1,145	17,880
	32,134	-	-	-	-	95,756	127,890

Issue of Shares

The number of shares in the company held during the period 18 December 2015 to 31 December 2015 by each Director and other Key Management Personnel, including their personally related parties, are set out below.

31-December-2015	Balance at 18 December 2015	Received as compensation	Options exercised	Net change other ¹	Balance at the end of the year
Directors					
Peter Marks	1,297,052	-	-	250,000	1,547,052
Phillip Hains	418,111	-	-	50,000	468,111
Ross Haghighat	-	-	-	-	-
Executive Directors:					
Richard Irving	21,629,388	-	-	-	21,629,388
Eytan Levy	6,409,416	-	-	-	6,409,416
	29,753,967	-	-	300,000	30,053,967
Key Management Personnel					
Ross Kennedy	210,000	-	-	-	210,000
Ronen Shechter	6,409,416	-	-	-	6,409,416
Yaron Bar-Tal	269,183	-	-	-	269,183
Lior Zitershpiler	224,319	-	-	-	224,319
	7,112,918	-	-	-	7,112,918
TOTAL	36,866,885	-	-	300,000	37,166,885

¹Net change other represents Director's and KMP participation in capital raising.

Directors' Report *Continued.....*

Issue of Options

The number of options over ordinary shares in the company held during the period 18 December 2015 to 31 December 2015 by each Director and other Key Management Personnel, including their personally related parties, are set out below. An Employee Option Plan was approved by shareholders on 17 November 2015. The deemed share price at the time of the issue of options as compensation was AU 20 cents per share based on the issue price of the Public Offer of shares that concluded successfully on 18 December 2015.

31-December-2015	Balance at 18 December 2015	Granted as compensation	Option Expired	Net change other	Balance at end of the year	Vested & exercisable	Escrowed & / or unvested
<i>Directors</i>							
Peter Marks	707,351	1,000,000	-	-	1,707,351	707,351	1,000,000
Phillip Hains	326,870	-	-	-	326,870	326,870	-
Ross Haghighat	-	1,000,000	-	-	1,000,000	-	1,000,000
<i>Executive Directors:</i>							
Richard Irving	-	1,000,000	-	-	1,000,000	-	1,000,000
Eytan Levy	-	4,000,000	-	-	4,000,000	1,000,000	3,000,000
	1,034,221	7,000,000	-	-	8,034,221	2,034,221	6,000,000
<i>Key Management Personnel</i>							
Ross Kennedy	-	-	-	200,000	200,000	-	200,000
Ronen Shechter	-	-	-	-	-	-	-
Yaron Bar-Tal	-	265,768	-	-	265,768	-	265,768
Lior Zittershpil	-	177,178	-	-	177,178	-	177,178
	-	442,946	-	200,000	642,946	-	642,946
TOTAL	1,034,221	7,442,946	-	200,000	8,677,167	2,034,221	6,642,946

In accordance with AASB2 Share Based Payments and the relevant International Guidance Instructions, the above table includes employee options that have been agreed to be issued but were not formally granted as at 31 December 2015.

(d) Details of remuneration for the full year

1-January-2015 to 31 December- 2015	Short-term employment benefits			Post-employment benefits	Share-based payment		Total
	Cash, salary & fees	Cash bonus	Non- Monetary	Superannuation	Shares issued	Equity settled Options	
	US\$	US\$	US\$	US\$	US\$	US\$	
Directors							
Peter Marks	36,490	-	-	-	-	10,291	46,781
Phillip Hains	36,490	-	-	-	-	4,650	41,140
Vincent Savage	21,894	-	-	-	-	4,650	26,544
Hannu Antero	-	-	-	-	-	-	0
Iikka Tuomas	-	-	-	-	-	-	0
Ross Haghighat	1,530	-	-	-	-	2,851	4,381
Richard Irving	3,570	-	-	-	-	2,851	6,421
Eytan Levy	7,239	-	-	-	-	86,058	93,297
	107,213	-	-	-	-	111,351	218,564
Key Management Personnel							
Ross Kennedy	1,989	-	-	-	-	356	2,345
Ronen Shechter	6,960	-	-	-	-	-	6,960
Yaron Bar-Tal	5,484	-	-	-	-	473	5,957
Lior Zitershpil	2,302	-	-	-	-	316	2,618
	16,735	-	-	-	-	1,145	17,880
	123,948	-	-	-	-	112,496	236,444

As noted previously, the accounting records for the 2014 year were insufficient to provide detailed information of remuneration for that year. The company has been transformed through the acquisition of Emefcy Limited Israel which took place on 18 December 2015.

(e) Share-based payments granted as compensation during the year

For the period 1 January 2015 to 17 December 2015, options were issued to directors as part of the director remuneration packages, and as the company was in the early stages of restructuring, there are no performance conditions associated with these options.

Details of options granted to directors and other key management personnel as compensation during the reporting period are as follows:

1 January 2015 to 17 December 2015								
2015	Grant date	No. options granted	No. options vested	Fair value per option at grant date US\$	Exercise price AU\$	Expiry date	Date exercisable	Value of options at grant date * US\$
Name								
<i>Directors</i>								
Peter Marks	05/06/2015	400,000	400,000	0.0186	AU 0.15	05/06/2017	05/06/2015	7,440
Phillip Hains	05/06/2015	250,000	250,000	0.0186	AU 0.15	05/06/2017	05/06/2015	4,650
Vincent Savage	05/06/2015	250,000	250,000	0.0186	AU 0.15	05/06/2017	05/06/2015	4,650
		900,000	900,000					16,740

**The historical value of the 900,000 options has been eliminated at acquisition date 18 December 2015.*

For the period 18 December 2015 to 31 December 2015, options were issued to directors as approved by shareholders and to key management personnel under the Savcor Group Limited Employee Share Option Plan (2015). In accordance with AASB 2 Share Based Payments IGI 4, the tables include employee options agreed to be issued up to and including 31 December 2015, even though for registration with Israeli tax authorities and other reasons, that may not have been formally granted as at 31 December 2015. Key management personnel options vest subject to the employee continuing to be employed by the company at the vesting date. As employee options form part of the remuneration package of employees, and the company is in the early stages of commercialisation, there are no performance conditions associated with these options.

Directors' Report *Continued.....*

18 to 31 December 2015											
Name		Grant date	No. options granted	No. options vested	Fair value per option at grant date US\$	Exercise price	Expiry date	Vesting Date	Footnote	Value of options at grant date * US\$	
Directors											
Peter Marks		18/12/2015	1,000,000	-	0.0776 0.0824	500,000 AU0.30 500,000 AU0.40	18/12/2018 18/12/2019	23/12/2016 23/12/2016	1	38,812 41,233	
Phillip Hains			-	-							
Ross Haghighat		18/12/2015	1,000,000	-	0.0776 0.0824	500,000 AU0.30 500,000 AU0.40	18/12/2018 18/12/2019	23/12/2016 23/12/2016	1	38,812 41,233	
Executive Directors											
Richard Irving		18/12/2015	1,000,000	-	0.0776 0.0824	500,000 AU0.30 500,000 AU0.40	18/12/2018 18/12/2019	23/12/2016 23/12/2016	1	38,812 41,233	
Eytan Levy		Tranche 1	18/12/2015	2,000,000	1,000,000	0.0776 0.0776 0.0824 0.0824	500,000 AU0.30 500,000 AU0.30 500,000 AU0.40 500,000 AU0.40	18/12/2018 18/12/2018 18/12/2019 18/12/2019	18/12/2015 01/01/2017 18/12/2015 01/01/2018	1	38,812 38,812 41,233 41,233
		Tranche 2	23/12/2015	2,000,000	-	0.0678 0.0933	1,000,000 AU0.40 1,000,000 AU0.40	23/12/2019 23/12/2020	23/12/2017 23/12/2019		67,766 93,281
			7,000,000	1,000,000							561,272
Other key management personnel											
Ross Kennedy		23/12/2015	200,000	-	0.0767 0.0678	100,000 AU0.30 100,000 AU0.40	23/12/2019 23/12/2019	23/12/2018 23/12/2018		7,699 6,777	
Ronen Shechter		23/12/2015	-	-		-	-				
Yaron Bar-Tal		23/12/2015	265,768	-	0.0767 0.0678	132,884 AU0.30 132,884 AU0.40	23/12/2019 23/12/2019	23/12/2018 23/12/2018		10,191 9,005	
Lior Zitershpiler		23/12/2015	177,178	-	0.0767 0.0678	88,589 AU0.30 88,589 AU0.40	23/12/2019 23/12/2019	23/12/2018 23/12/2018		6,794 6,003	
			642,946	-							46,469

¹Subject to ASX mandatory escrow for 24 months from 23 December 2015

(f) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Richard Irving
Title:	Executive Chairman
Agreement commenced:	December 18, 2015. Mr Irving was previously Non-Executive Chairman of Emefcy Limited Israel.
Term of agreement:	Open
Details:	Remuneration for the year ending 31 December 2016 comprises AU\$50,000 fees as Executive Chairman and A\$90,000 fees as executive Director. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	Eytan Levy
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	December 18, 2015. Mr Levy joined Emefcy Limited Israel in November 15, 2007.
Term of agreement:	Notice period of 90 Days
Details:	Base salary for the year ending 31 December 2016 of US\$216,534 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 3 month termination notice by either party. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	Ross Haghighat
Title:	Non-Executive Director
Agreement commenced:	December 18 2015
Term of agreement:	Open
Details:	Remuneration for Non-executive Directors is currently set at A\$60,000. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	Mr Peter Marks
Title:	Non-Executive Director
Agreement commenced:	May 12 2015
Term of agreement:	Open
Details:	Remuneration for Non-executive Directors is currently set at A\$60,000. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name:	Mr Phillip Hains
Title:	Non-Executive Director and Company Secretary
Agreement commenced:	May 12 2015
Term of agreement:	Open
Details:	Remuneration for Non-executive Directors is currently set at A\$60,000. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

Name: **Ross Kennedy**
Title: Company Secretary & Advisor to the Board
Agreement commenced: December 24 2015
Term of agreement: Notice period by either party of 60 days.
Details: Mr Kennedy receives fees through a private consulting company of A\$6,500 per month.

Name: **Ronen Shechter**
Title: Chief Technology Officer, Emefcy Limited
Agreement commenced: Mr Shechter joined Emefcy Limited Israel in November 15, 2007
Term of agreement: Notice period of 90 Days
Details: Base salary for the year ending 31 December 2016 of US\$172,150 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 3 month termination notice by either party.

Name: **Yaron Bar-Tal**
Title: Vice President of Engineering, Emefcy Limited
Agreement commenced: Mr Bar-Tal joined Emefcy Limited Israel in May 8, 2013
Term of agreement: Notice period of 90 Days
Details: Base salary for the year ending 31 December 2016 of US\$159,095 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 3 month termination notice by either party.

Name: **Lior Zitershpil**
Title: Finance Manager
Agreement commenced: Mr Zitershpil joined Emefcy Limited Israel in March 16, 2014
Term of agreement: Notice period of 30 Days
Details: Base salary for the year ending 31 December 2016 of US\$84,570 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 1 month termination notice by either party.

[This concludes the Remuneration Report, which has been audited]

Shares under option

Unlisted ordinary shares of Emefcy Group Limited under option at the date of the this report are as follows:

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Number under option</i>
26 March 2015	1 December 2016	AU 6 cents	7,313,644
5 June 2015	5 June 2017	AU 15 cents	900,000
18 December 2015	18 December 2018	AU 30 cents	2,500,000
18 December 2015	18 December 2019	AU 40 cents	2,500,000
23 December 2015	23 December 2019	AU 30 cents	321,473
23 December 2015	23 December 2019	AU 40 cents	1,321,473
23 December 2015	23 December 2020	AU 40 cents	1,000,000
18 March 2016	31 July 2018	AU 30 cents	2,000,000
18 March 2016	31 January 2019	AU 40 cents	2,000,000
			19,856,590

Options with a grant date of 23 December 2015 were not formally granted as at 31 December 2015 but had been agreed to be issued by the employer and employee and are included in the Remuneration Report.

Subsequent to year end, a further 1,022,500 employee options have been agreed to be issued with an exercise price of AU 30 cents and 1,022,500 employee options with an exercise price of AU 40 cents; all with expiry dates of between February and March 2020.

No ordinary shares of the company were issued during the year and up to the date of this report from the exercise of options.

Indemnity and insurance of officers

The company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board*, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO East Coast Partnership

There are no officers of the company who are former partners of BDO East Coast Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Corporate Governance Statement

In accordance with ASX listing Rule 4.10.3, the Company's 2015 Corporate Governance Statements can be found on its website <http://www.emefcy.com/investors.php>

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

For and on behalf of the Directors

Eytan Levy
Managing Director and CEO
31st March 2016
Israel



DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF EMEFCY GROUP LIMITED

As lead auditor of Emefcy Group Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Emefcy Group Limited and the entities it controlled during the period.



David Garvey
Partner

BDO East Coast Partnership

Melbourne, 31 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

Consolidated	Notes	2015 US\$	2014 US\$
Revenues			
Interest Revenue	2	1,179	60,000
Expenses			
Administration expenses		(544,029)	(537,000)
Corporate consulting fees		(99,700)	-
Travel expense		(9,608)	-
Director expense		(90,622)	-
Finance costs		(32,520)	(232,000)
Legal expenses		(76,432)	-
Amortisation and depreciation		(70,922)	(26,000)
Research and development expenses		-	(1,213,000)
Sales and marketing expenses		(125,705)	(72,000)
Foreign exchange gain/(loss)		(238,517)	-
Listing expense recognised on acquisition	1,15(a)	(7,801,624)	-
Loss before income tax expense		(9,088,500)	(2,020,000)
Income tax expense	4	-	-
Loss after income tax expense from continuing operations		(9,088,500)	(2,020,000)
Loss after income tax expense for the year attributable to the owners of Emefcy Group Limited		(9,088,500)	(2,020,000)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		226,173	-
Other comprehensive income for the period, net of tax		226,173	-
Total comprehensive income for the period attributable to the owners of Emefcy Group Limited		(8,862,327)	(2,020,000)
Losses per share for loss attributable to the owners of Emefcy Group Limited			
Basic loss per share	24	(0.13)	(0.03)
Diluted loss per share	24	(0.13)	(0.03)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

Consolidated	Notes	2015 US\$	2014 US\$
Current Assets			
Cash and cash equivalents	5	8,478,927	1,617,000
Restricted cash		32,127	34,000
Other receivables	6	204,206	194,000
Inventories	7	194,969	-
Prepayments		68,137	-
Total current assets		8,978,366	1,845,000
Non-Current Assets			
Other receivables		2,357	7,000
Property, plant and equipment	8	823,720	898,000
Intangible assets	9	2,286,877	575,000
Total non-current assets		3,112,954	1,480,000
TOTAL ASSETS		12,091,320	3,325,000
Current Liabilities			
Trade and other payables	10	617,519	327,000
Total current liabilities		617,519	327,000
Non-Current Liabilities			
Trade and other payables	10	1,111,745	595,000
Other financial liabilities	11	1,000,000	-
Total non-current liabilities		2,111,745	595,000
TOTAL LIABILITIES		2,729,264	922,000
NET ASSETS		9,362,056	2,403,000
Equity			
Contributed equity	12	28,481,775	12,660,392
Reserve	13	226,173	-
Accumulated losses		(19,345,892)	(10,257,392)
TOTAL EQUITY		9,362,056	2,403,000

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

Consolidated	Notes	Contributed Equity US\$	Foreign Currency Reserves US\$	Accumulated Losses US\$	Total US\$
Balance as at 31 December 2013		12,649,392	-	(8,237,392)	4,412,000
Loss for the period attributable to members of the parent entity		-	-	(2,020,000)	(2,020,000)
Total comprehensive income for the period		-	-	(2,020,000)	(2,020,000)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity	12	11,000	-	-	11,000
Balance as at 31 December 2014		12,660,392	-	(10,257,392)	2,403,000
Loss for the period attributable to members of the parent entity		-	-	(9,088,500)	(9,088,500)
Other comprehensive income/(expense) for the period		-	226,173	-	226,173
Total comprehensive income for the period		-	226,173	(9,088,500)	(8,862,327)
<i>Transactions with owners in their capacity as owners</i>					
Issue of ordinary shares, net of transaction costs	12	15,727,586	-	-	15,727,586
Issue of options	12	93,797			93,797
Balance as at 31 December 2015		28,481,775	226,173	(19,345,892)	9,362,056

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

Consolidated	Notes	2015 US\$	2014 US\$
<i>Cash flows from operating activities</i>			
Payments to suppliers		(518,822)	(1,681,000)
Interest received		1,179	
Net cash flows used in operating activities	23	(517,643)	(1,681,000)
<i>Cash flows related to investing activities</i>			
Payment for purchases of plant and equipment		(5,579)	(212,000)
Refund/(Payment) of long term lease deposits		4,812	(4,000)
Payment for restricted cash		-	(18,000)
Cash consideration of acquisition		(1,000,000)	-
Proceeds from sale of marketable securities, net		-	2,113,000
Capitalisation of research and development expenses		(1,221,648)	(667,000)
Net cash flows (used in)/provided by investing activities		(2,222,415)	1,212,000
<i>Cash flows related to financing activities</i>			
Proceeds from issues of ordinary shares		10,634,076	-
Transactions costs related to issue of ordinary shares		(1,062,533)	-
Grants from governmental institutions		-	248,000
Net cash flows provided by financing activities		9,571,543	248,000
Net increase/(decrease) in cash and cash equivalents		6,831,485	(221,000)
Cash and cash equivalents at the beginning of the year		1,617,000	2,030,000
Effects of exchange rate changes on cash and cash equivalents		30,442	(192,000)
Cash and cash equivalents at the end of the year		8,478,927	1,617,000

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

Note 1. Statement of Significant Accounting Policies

(a) Corporate Information

The Financial Report of Emefcy Group Limited (formerly Savcor Group Limited) and its controlled entities (the "Group") for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on the 31st day of March 2016.

Emefcy Group Limited is a for profit listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The Company's principal activities are research, development and commercialisation of wastewater treatment solutions.

The company changed its name from Savcor Group Limited to Emefcy Group Limited on 18 December 2015.

(b) Basis of Preparation and Statement of Compliance

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for a for-profit oriented entity. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in United States Dollars, which is the Group's functional currency. All values are rounded to the nearest dollar unless otherwise stated. This is consistent with the accounting parent's presentation and functional currency.

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 historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. 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.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements (refer to Note 1(f)).

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Acquisition of Emefcy Limited (Israel)

On 18 December 2015 Emefcy Group Limited (formerly Savcor Group Limited) completed the legal acquisition of Emefcy Limited (Israel). The acquisition has been accounted for as a share based payment by which Emefcy Limited (Israel) acquired the net assets and listing status of Emefcy Group Limited.

Accordingly, the consolidated financial statements of the Emefcy Group Limited have been prepared as a continuation of the business and operations of Emefcy Limited (Israel). Emefcy Limited (Israel) has accounted for the acquisition of Emefcy Group Limited from 18 December 2015. The comparative information for the 12 months ended 31 December 2014 presented in the consolidated financial statements is that of Emefcy Limited (Israel) as presented in its last set of year-end financial statements.

The implications of the acquisition by Emefcy Limited on the financial statements are as follow:

Note 1. Statement of Significant Accounting Policies Continued

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The 2015 Statement of Profit or Loss and Other Comprehensive Income comprises the total comprehensive income for the financial year, being the 12 months for the year ended 31 December 2015 for Emefcy Limited (Israel) and the period from 18 December 2015 until 31 December 2015 for Emefcy Group Limited.

The 2014 Statement of Profit or Loss and Other Comprehensive Income comprises the full comparative financial year for Emefcy Limited (Israel) only.

Consolidated Statement of Financial Position

The 2015 Statement of Financial Position as at 31 December 2015 represents the consolidation of Emefcy Limited (Israel) as the accounting acquirer and Emefcy Group Limited.

The 2014 Statement of Financial Position represents Emefcy Limited (Israel) only as at 31 December 2014.

Consolidated Statement of Changes in Equity

The 2015 Statement of Changes in Equity comprises:

- The equity balance of Emefcy Limited (Israel) as at the beginning of the financial year (1 January 2015)
- The total comprehensive income for the financial year and transactions with equity holders, being the 12 months for Emefcy Limited (Israel) for the year ended 31 December 2015 and period from 18 December 2015 until 31 December 2015 for Emefcy Group Limited.
- The equity balance of the consolidated group comprising Emefcy Limited (Israel) and Emefcy Group Limited at the end of the financial year (31 December 2015)
- The 2014 Statement of Changes in Equity comprises the full financial year for Emefcy Limited (Israel) for the 12 months ended 31 December 2014.

Statement of Cash Flows

The 2015 Statement of Cash Flows comprises:

- The cash balance of Emefcy Limited (Israel) at the beginning of the financial year (1 January 2015)
- The transactions for the financial year for the 12 months of Emefcy Limited (Israel) ended 31 December 2015 and from 18 December 2015 until 31 December 2015 for Emefcy Group Limited.
- The cash balance of the consolidated entity comprising Emefcy Limited (Israel) and Emefcy Group Limited at the end of the financial year (31 December 2015).
- The 2014 Statement of Cash Flows comprises the full financial year of Emefcy Limited (Israel) for the year ended 31 December 2014.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20. Having regard to the previous year (2014) comparative numbers, as reported in the 31 December 2014 Financial Statements, the company was placed into Voluntary Administration on 27 June 2014 and the company subsequently finalized a Deed of Company Arrangement on 12 March 2015. The Administrators at that time noted there were incomplete books and records available to company prior to the period of entering into administration, and the company's previous auditor issued a disclaimer of opinion on the financial statements of the company for the year 31 December 2014.

(c) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Note 1. Statement of Significant Accounting Policies Continued

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or financial position of the consolidated entity.

All other accounting standards adopted by the Group are consistent with the most recent Annual Report of the accounting parent for the year ended 31 December 2014.

(d) New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Group for the annual reporting period ended 31 December 2015:

Reference	Title	Summary	Applicati on date of standard	Impact financial report	on Application date
AASB 9	<i>Financial Instruments (2014)</i>	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	1 January 2018	Impact not yet assessed	1 July 2018
AASB 15	<i>Revenue from Contracts with Customers</i>	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application	1 January 2018	Impact not yet assessed	1 July 2018

Note 1. Statement of Significant Accounting Policies Continued

(e) Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation (refer to Note 1(b) Basis of Preparation "Acquisition of Emefcy Limited (Israel)")

The consolidated financial statements comprise the financial statements of Emefcy Group Limited and its subsidiaries as at 31 December 2015 or for any time during the year as explained in Note 1(b) *Basis of Preparation*.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when they are exposed to, or have rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for in accordance with AASB share based payment. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest - control of the right to receive the interest payment.

Government grants

Government grants are recognised as income when there is reasonable assurance that the grant will be received and all grant conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

Grants received from the Government of Israel that are required to be repaid by payment of royalties on sales revenue or refunded if relevant conditions are not met are recorded as a financial liability (refer to Note 11 for further details)

Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Note 1. Statement of Significant Accounting Policies Continued

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Under AASB 2 Share Based Payments, the consolidated entity must recognise the fair value of shares granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

The consolidated entity provides benefits to employees (including directors) of the consolidated entity in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes model.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

Restricted cash

Restricted cash is invested in highly liquid deposits, which are used mainly as security for guarantees provided to lessors of office and production premises.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

Property, Plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Note 1. Statement of Significant Accounting Policies Continued

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Computers and peripheral equipment:	3-15 years
Office furniture and equipment:	3-15 years
Production line:	4-10 years
Leasehold improvements:	Over the shorter of the term of the lease or useful life of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currency translation

The functional currency of the Group is based on the primary economic environment in which the Group operates. The functional currency of the Emefcy Limited (Israel) is the United States dollar. The functional currency of the Emefcy Group Limited (the legal parent) is the United States dollar. The presentation currency of the Group is the United States dollar.

Foreign currency transactions

Transactions in foreign currencies are converted to US dollars at the rate of exchange at the date of the transaction.

Amounts payable to and by the Group outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year.

All exchange differences are taken to profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of operations not dominated in US dollars are translated into US dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting loss nor taxable profit or loss.

Note 1. Statement of Significant Accounting Policies Continued

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Statement of Cash Flow on a gross basis (i.e. including GST) and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. The net amount of GST recoverable from or payable to, the taxation authority is included as part of the receivables or payables in the Statement of Financial Position.

Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Research and development

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 1. Statement of Significant Accounting Policies Continued

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not available for use, or more frequently when an indication of impairment arises during the reporting period.

Amortisation will commence when the assets are ready for use.

Impairment of non-financial assets

The carrying values of non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Licensing fees are recognised as an expense when it is confirmed that they are payable by the Group.

Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction (net of tax) of the share proceeds received.

Earnings per share

Basic earnings per share is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Note 1. Statement of Significant Accounting Policies Continued

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

(f) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of Intangible Assets

Research and development assets that are not yet available for use are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment analysis is performed annually at the end of the financial year on the basis of value in use or fair value less costs to sell. For further details refer to Note 9.

Fair Value of Financial Liability

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. There has been no change to the valuation assumptions used to determine the contingent liability as new reliable data has not come to light.

The company assessed the fair value of the financial milestone payments and government grant liabilities, which incorporate a number of key estimates and assumptions. For further details, please refer to Note 10 Trade and Other Payables and Note 11 Other Financial Liabilities.

Acquisition Accounting

In accounting for the acquisition of Emefcy Group Limited by Emefcy Limited (Israel) made during the year, the Group had to make a number of judgements and estimates in determining the fair value of the amounts acquired and the purchase consideration paid/payable and the estimation of the share based payment expense recorded on the acquisition of Emefcy Group Limited. Refer to Note 1(b) "Basis of Preparation "Acquisition of Emefcy Limited (Israel)" and Note 15(a).

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 1. Statement of Significant Accounting Policies Continued

Share-based payment transactions

The consolidated entity measures the share based listing expense and the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

For further details, please refer to Note 15(a) Share Based Payments.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

For the year ended 31 December 2015, the consolidated entity has had to measure financial liabilities at fair value in respect of a Government Grant Liability recorded at Note 10 and Other Financial Liabilities at Note 11. Information on the estimation of the fair value of these financial liabilities is set out in Note 16.

Note 2. Revenue/Expenses

	Consolidated	
	2015 US\$	2014 US\$
Revenue		
Interest received	1,179	60,000
	1,179	60,000
Expenses		
Share based payment expense		
- Shares issued to consultants	99,700	-
- Employee share based payments	90,622	11,000
	190,322	11,000

Note 3. Segment Information

The Company recognises its operations in Israel as reporting segment.

The Company has identified its operating segment based on the internal reports that are reviewed and used by the management team and Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and determining the allocation of resources.

The operating segment are identified by the CODM based on the manner in which the expenses are incurred, and for the purpose of making decisions about resource allocation and performance assessment. Discrete financial information about the operating segment is reported by the executive management team to the board on a regular basis.

For the financial year ended 31 December 2014, there is no segment information to be disclosed as the company operated as a single entity in Israel only and there was no corporate head office.

2015		Israel US\$	Total US\$
Segment Expenses			
Segment depreciation expenses		(70,922)	(70,922)
Segment expenses		(741,380)	(741,380)
Unallocated expenses - corporate	(a)	-	(8,277,377)
		(812,302)	(9,089,679)
Unallocated revenue - corporate	(b)	-	1,179
Income Tax Expense		-	-
Net Result		(812,302)	(9,088,500)

Note 3. Segment Information Continued

2015		Israel US\$	Total US\$
Assets			
Segment assets		3,965,532	3,965,532
Unallocated assets - corporate	(c)	-	8,125,788
		3,965,532	12,091,320
Liabilities			
Segment liabilities		(1,573,718)	(1,573,718)
Unallocated liabilities - corporate	(d)	-	(1,155,546)
		(1,573,718)	(2,729,264)
Other information:			
Acquisitions of PPE		5,579	5,579
Acquisitions of intangible assets		1,652,427	1,652,427
Not current assets by Geographical Location		3,112,955	3,112,955

	Note	2015 US\$
<u>(a) Unallocated Expenses</u>		
Listing Expense Recognised on Reverse Acquisition		(5,801,624)
Other acquisition cash consideration		(2,000,000)
Other corporate expenses		(475,753)
		(8,277,377)
<u>(b) Unallocated Revenue</u>		
Unallocated revenue		1,179
		1,179
<u>(c) Unallocated Assets</u>		
Cash and cash equivalents		8,011,400
Other receivables	6	61,477
Prepayments		52,911
		8,125,788
<u>(d) Unallocated Liabilities</u>		
Trade and other payables		(155,546)
Other liabilities	11	(1,000,000)
		(1,155,546)

Intersegment transactions

Intersegment transactions are made at market rates. Intersegment transactions are eliminated on consolidation

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation

Note 4. Income Tax

The Group has not commenced significant trading. At its current stage of operational development the Group is not in a position to satisfy the accounting criteria of AASB112: Income Taxes to bring to account the benefit of its tax losses. Accordingly no current or deferred income tax benefits have yet been brought to account.

	2015 US\$	2014 US\$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
<i>The prima facie tax on profit/(loss) from ordinary activities before tax at 30% Australia/ 26.5% Israel (2014: 26.5% Israel) is as follows:</i>	(2,698,119)	(535,300)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income</i>		
Non allowable expenses	2,563,320	-
Tax losses and other timing differences for which no DTA is recognised	134,799	535,300
Income tax benefit	-	-
(c) Unrecognised Deferred Tax Assets		
Temporary differences	955,848	-
Unused tax losses	9,426,842	8,551,000
Potential tax benefit	2,799,957	2,266,015

The above unrecognised deferred tax asset balance does not take into account tax losses incurred by Emefcy Group Limited prior to 18 December 2015. It has been concluded that tax losses incurred prior to this date are unlikely to be available on the basis that the relevant loss recoupment tests (the continuity of ownership test and the same business tests) are unlikely to be satisfied following the reverse acquisition transaction.

The Directors of Emefcy Group Limited intend to continue exploring the ability to utilise these historic tax losses.

Note 5. Cash and Cash Equivalents

	2015 US\$	2014 US\$
Cash at bank and on hand	8,478,927	1,617,000
	8,478,927	1,617,000

Note 6. Other Receivables

	2015 US\$	2014 US\$
Government grants to be received	103,376	159,000
Australia Tax Office – GST Receivables	61,477	20,000
Israel Tax Authority – VAT Receivables	39,159	-
Other receivables	194	15,000
	204,206	194,000

Past due but not impaired

The Group did not have any receivables that were past due as at 31 December 2015 (2014: Nil). The Group did not consider a credit risk on the aggregate balances as at 31 December 2015. For more information, please refer to note 14 Financial Instruments, Risk Management Objectives and Policies.

Note 7. Inventories

	2015 US\$	2014 US\$
Raw materials	57,619	-
Work in progress	64,625	-
Finished goods – at cost	72,725	-
	194,969	-

Note 8. Plant and Equipment

	2015 US\$	2014 US\$
<u>Computers and Peripheral Equipment</u>		
Computers and Peripheral Equipment at cost	207,147	202,000
Less Accumulated Depreciation	(165,426)	(155,000)
Net Book Value	41,721	47,000
<u>Office Furniture and Equipment</u>		
Office Furniture and Equipment at cost	73,000	73,000
Less Accumulated Depreciation	(46,934)	(44,000)
Net Book Value	26,066	29,000
<u>Production Line</u>		
Production Line at cost	971,432	971,000
Less Accumulated Depreciation	(219,177)	(153,000)
Net Book Value	752,255	818,000
<u>Leasehold Improvements</u>		
Leasehold Improvements at cost	6,000	6,000
Less Accumulated Depreciation	(2,322)	(2,000)
Net Book Value	3,678	4,000
Total Property, Plant & Equipment	823,720	898,000

Note 8. Plant and Equipment Continued

Reconciliation	Computers and Peripheral Equipment US\$	Office Furniture and Equipment US\$	Production Line US\$	Leasehold Improvements US\$	Total US\$
Balance as at 1 January 2014	57,000	42,000	714,000	4,000	817,000
Additions	25,000	-	185,000	-	210,000
Disposals	-	(7,000)	-	-	(7,000)
Depreciation expense	(35,000)	(6,000)	(81,000)	-	(122,000)
Balance as at 31 December 2014	47,000	29,000	818,000	4,000	898,000
Additions	5,147	-	432	-	5,579
Depreciation expense	(8,954)	(2,415)	(59,274)	(279)	(70,922)
Foreign exchange translation	(1,472)	(519)	(6,903)	(43)	(8,937)
Balance as at 31 December 2015	41,721	26,066	752,255	3,678	823,720

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Note 9. Intangible Assets

	Note	2015 US\$	2014 US\$
Capitalised Development Costs			
At cost		575,000	-
Additions		1,711,877	575,000
Closing cost	(i)	2,286,877	575,000

Capitalised development costs capitalised relates to the development of wastewater treatment technologies – Spiral Aerobic Biofilm Reactor (SABRE) and Electrogenic Bioreactor (EBR). The nature of costs capitalised includes salaries and wages for research and development staff, technical equipment, materials, patent costs and any other costs associated with building the water treatment technologies. These assets are currently under development and not yet available for use on the basis that it is incomplete and cannot be used in its current form, refer to note 1 Statement of Significant Accounting Policies.

Amortisation of capitalised development costs will commence when the assets are ready for use, which is expected to be March 2016. The expected amortisation period for capitalised development costs is 15 years based on an expected useful life.

The recoverable amount of capitalised development costs not yet ready for use was assessed at the end of the financial year determined by a value in use calculation using a discounted cash flow model, based on a 5 year projection period approved by management and extrapolated for a further year using a steady rate, together with a terminal value. A period longer than 5 years is considered justified on basis of useful life of development asset expected to be 15 years.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the capitalised development costs:

(a) 14.90% post-tax discount rate:

The discount rate of 14.90% post-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Note 9. Intangible Assets Continued

- (b) 3.5% per annum projected revenue growth rate
Management believes the projected 3.5% revenue growth rate is prudent and justified, based on the current market and industry standards.
- (c) Forecasted earnings before interest, tax and amortisation (EBITA)
Management believes that this is the best available input based on their experience and current market conditions.

Note 10. Trade and Other Payables

	2015 US\$	2014 US\$
<i>Current</i>		
Trade payables	495,958	272,000
Accrued expenses	58,306	50,000
Other payables	-	5,000
Government Grant Liability ¹	63,255	-
	617,519	327,000
<i>Non-current</i>		
Government Grant Liability ¹	1,111,745	595,000
	1,111,745	595,000

(1) Government Grant Liability

The Company participates in programs sponsored by the Office of the Chief Scientist ("OCS"), for the support of research and development projects. In exchange for the Chief Scientist's participation in the programs, the Company is required to pay royalties to the Chief Scientist at a rate between 3% and 3.5% of sales to end customers of products developed with funds provided by the Chief Scientist, if and when such sales are recognized. As of December 31, 2015, the Company has received grants amounted to US\$1,478,000. As of December 31, 2015 and 2014, the Company recognized a liability to the OCS in the amount of \$993,000 and \$533,000, respectively for the obligation for future royalty payments. The recognition of a liability for the Company to repay the grants from future royalty payments is based on its estimation at the end of each year. The discounted rate used by the Company for the liability is 14.9%. As of December 31, 2015 no royalties have been paid.

The Company has also participated in programs sponsored by the Ministry of National Infrastructures ("MNI"), for the support of research and development projects. In exchange for the MNI's participation in the programs, the Company is required to pay royalties to the MNI at a rate of 5% of the sales to end customers of products developed with funds provided by the MNI, if and when such sales are recognized. As of December 31, 2015 the Company received grants in the total amount of \$222,000 and no royalties were paid. As of December 31, 2015 and 2014, the Company recognized a liability to the MNI in the amount of \$182,000 and \$62,000, respectively. The exceptions of the Company to pay the grants are based on its estimation at the end of each year. The discounted rate used by the Company for the liability is 14.9%.

Note 11. Other Financial Liabilities

	2015 US\$	2014 US\$
Non-Current		
Acquisition milestone payable	1,000,000	-
	1,000,000	-

As part of the acquisition of Emefcy Limited (Israel) a maximum liability of US\$2 million is payable to a shareholder of Emefcy Limited (Israel) on completion of the acquisition in lieu of receiving shares in Emefcy Group Limited subsequent to the satisfaction of two commercial milestones (US\$1 million per milestone). Details of the two commercial milestones are as follow:

Note 11. Other Financial Liabilities *Continued*

Milestone 1- A module of the SABRE (Spiral Aerobic Biofilm Reactor) has been delivered to the first customer's site on, or before 18 June 2016. Having met the milestone, the Group has provided for the amount payable. The amount is not due until the earlier of 18 June 2018 or a subsequent capital raising being successfully completed.

Milestone 2: the achievement of cumulative US\$2 million in sales within 24 months of the Completion date of 18 December 2015. As at 31 December 2015, the Company had one contract for sale (value circa US\$275K) that had not been completed and there were no other confirmed sale contracts. This remains the only confirmed contract sale to date. The Company's sales and marketing resources were also incomplete. Accordingly, as at 31 December 2015, and because of the company being at the start of the commercialisation phase, the probability of the second milestone being met was unknown, or at best, very low.

The company's current estimate of the future liability to be paid is US\$1 million. Any future adjustment to this liability will be recognised in the Consolidated Statement of Profit & Loss.

Note 12. Issued Capital

		2015 US\$	2014 US\$
Ordinary shares	(a)	28,325,226	12,597,640
Options	(b)	156,549	62,752
		28,481,775	12,660,392

(a) Ordinary Shares – Fully Paid	No.	Full year to 2015 US\$	No.	Full year to 2014 US\$
Balance at the beginning of the year	4,324,138	12,597,640	4,324,138	12,586,640
Elimination of issued capital in Emefcy Limited (Israel)	(4,324,138)	-	-	-
Capital raising - Emefcy Limited (Israel)	-	797,079	-	-
Savcor issued capital at pre-acquisition	42,671,357	-	-	-
Deemed fair value of consideration to Savcor shareholders on Reverse Acquisition ² (Refer to Note 15 Share Based Payment for further information)	-	6,077,632	-	-
Shares issued to Emefcy Limited (Israel) vendors on Reverse Acquisition	65,000,000	-	-	-
Issue of shares AU\$0.20 pursuant to the Prospectus	69,066,053	9,836,997	-	-
Shares issued to consultants during the year (Refer to Note 15 Share Based Payment for further information)	700,000	99,700	-	-
Share-based compensation	-	-	-	11,000
Transaction costs relating to share issues ³		(1,083,822)		-
Balance at the end of the year	177,437,410	28,325,226	4,324,138	12,597,640
Deferred Consideration Shares to be issued ¹	22,500,000	-	-	-
Balance at the end of the year including deferred shares	199,937,410	28,325,226	4,324,138	12,597,640

⁽¹⁾ The deferred consideration shares relate to the obligation for the Company to issue a further 22,500,000 shares to the former shareholders of Emefcy Limited (Israel) upon the satisfaction of the first milestone that a module of the SABRE (Spiral Aerobic Biofilm Reactor) has been delivered to the first customer's site on, or before 18 June 2016. As at 31 December 2015, the Directors are satisfied that the first milestone certain to be achieved in the next few months.

Note 12. Issued Capital Continued

⁽²⁾ On 18 December 2015 Savcor Group Limited (Savcor) acquired 100% of Emefcy Limited, and the combined entity was renamed Emefcy Group Limited. This is treated as a reverse acquisition because the substance of the transaction is such that the pre-existing shareholders of Emefcy Limited obtained substantial control of Savcor.

The acquisition is accounted for under AASB 2 Share Based Payments whereby the non-cash consideration represents a deemed issue of shares by the legal acquire (Emefcy Limited), equivalent to the current shareholder interest in Savcor post the acquisition. The excess of the assessed value of the share based payment over the net assets has been expensed to the income statement as a listing fee.

⁽³⁾ Under AASB 132, incremental costs that are directly attributable to issuing new shares should be deducted from equity. The share issue expense relates to costs directly attributable to the issuing of new shares, costs associated with the listing are detailed in note 2 and have been deducted from equity.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder 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.

(b) Options	Full year to 2015		Full year to 2014	
	No.	US\$	No.	US\$
Balance at the beginning of the year ^{1,a}	89,900	62,752	89,900	62,752
Elimination of issued options in Emefcy Limited (Israel) ^a	(89,900)	-	-	-
Unlisted Options issued in Emefcy ¹	-	3,175	-	-
Unlisted Options issued in Savcor ²	8,213,644	-	-	-
Unlisted Options issued to Directors pursuant to the Prospectus ³	5,000,000	90,622	-	-
Unlisted Options issued to employees ^{1,4}	2,642,946	-	-	-
Balance at the end of the year	15,856,590	156,549	89,900	62,752

a, These options were cancelled as part of transaction involving acquisition of Emefcy Group Limited

⁽¹⁾ Unlisted Options issued in Emefcy under the Employee Stock Option Plan (ESOP)

Under the ESOP, options to purchase Ordinary shares of the Company may be granted, from time-to-time, to employees, advisors, directors, consultants and service providers of the Company, each option granted can be exercised to one Ordinary share of the Company. The default vesting schedule is for 25% to vest one year from the commencement date, and an additional 6.25% thereof to vest at the end of each successive three-month period thereafter, subject to continued employment or service.

⁽²⁾ Unlisted Options issued in Savcor

Details	Number	US\$
Unlisted director options exercisable at AU\$0.06, expire 1 December 2016	7,313,644	-
Unlisted employee options exercisable at AU\$0.15, expire 5 June 2017	900,000	-
	8,213,644	-

The options issued in Savcor were fully provided for prior to the acquisition of Emefcy Limited (Israel).

⁽³⁾ Unlisted Options issued to Directors

Grant Date	Details	Number	US\$
18/12/15	Unlisted director options exercisable at AU\$0.30, expire 18 December 2018 ^(a)	2,500,000	44,275
18/12/15	Unlisted employee options exercisable at AU\$0.40, expire 18 December 2019 ^(a)	2,500,000	46,347
		5,000,000	90,622

Note 12. Issued Capital *Continued*

(4) Unlisted Options issued to employees

Details	Number	US\$
Unlisted employee options exercisable at AU\$0.30, expire 1 December 2016	321,473	-
Unlisted employee options exercisable at AU\$0.40, expire 1 December 2016	2,321,473	-
	2,642,946	-

These options were not formally granted as at 31 December 2015 but had been agreed to be issued by the employer and employee.

(c) Summary of all unlisted options in existence

Grant Date	Expiry Date	Exercise Price	Number under option
26 March 2015	1 December 2016	AU 6 cents	7,313,644
5 June 2015	5 June 2017	AU 15 cents	900,000
18 December 2015	18 December 2018	AU 30 cents	2,500,000
18 December 2015	18 December 2019	AU 40 cents	2,500,000
23 December 2015	23 December 2019	AU 30 cents	321,473
23 December 2015	23 December 2019	AU 40 cents	1,321,473
23 December 2015	23 December 2020	AU 40 cents	1,000,000
18 March 2016	31 July 2018	AU 30 cents	2,000,000
18 March 2016	31 January 2019	AU 40 cents	2,000,000
			19,856,590

The general terms and conditions of the options were:

- No dividends or voting rights attached
- Exercise price set at a premium to share price at date of entitlement
- Subject to vesting periods
- All shares allotted upon exercise of Options will upon allotment rank pari passu in all respect with other shares

Note 13. Reserves

		2015 US\$	2014 US\$
Foreign Currency Reserve	(a)	226,173	-
		226,173	-

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

Note 14. Financial Instruments, Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market Risk

(i) Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The Group does not make use of derivative financial instruments to hedge foreign exchange risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2015		2014	
	Assets US\$	Liabilities US\$	Assets US\$	Liabilities US\$
New Israeli Shekels	3,582,754	1,573,718	1,423,000	325,000
Euro	187,873	-	267,000	-
Australian Dollar	1,086,839	155,546	-	-

A strengthening or weakening of 10% of the United States Dollar against the following currencies would have an equal and opposite effect on loss after tax and equity as outlined below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2015 +10%/-10%	2014 +10%/-10%
New Israeli Shekels	200,904/(200,904)	110,000/(110,000)
Euro	18,787/(18,787)	27,000/(27,000)
Australian Dollar	93,129/(93,129)	-

(ii) Interest Rate Risk

The Company is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities

	2015 US\$	2014 US\$
<u>Instruments with cash flow risk</u>		
Cash and cash equivalents	8,511,054	1,651,000
	8,511,504	1,651,000

Note 14 Financial Instruments, Risk Management Objectives and Policies Continued

An increase or decrease of 1% in interest rates at the reporting date would have the following increase/ (decrease) effect on after tax loss and equity. The analysis assumes that all other variables remain constant.

2015	2015 +1%/-1%	2014 +1%/-1%
Cash and cash equivalents	(85,111)/85,111	(16,510)/16,510
	(85,111)/85,111	(16,510)/16,510

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection customers' balances. The Group's main financial assets are cash and cash equivalents as well as other receivables and represent the Group's maximum exposure to credit risk in connection with its financial assets. Other receivables are carried on the balance sheet net of bad and doubtful debt provisions estimated by management based on prior year experience and an evaluation of prevailing economic circumstances. Wherever possible and commercially practical the Group holds cash with major financial institutions in Israel.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 US\$	2014 US\$
Cash and cash equivalents	8,511,054	1,651,000
Other receivables	206,563	201,000
	8,717,617	1,852,000

(c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

Maturity profile:

The table below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount
2015	US\$	US\$	US\$	US\$
Accounts payable	617,519	1,111,745	1,729,264	1,729,264
Other accounts payable	-	1,000,000	1,000,000	1,000,000
	617,519	2,111,745	2,729,264	2,729,264

	Less than 6 months	Greater than 6 months	Total contractual cash flows	Carrying Amount
2014	US\$	US\$	US\$	US\$
Accounts payable	327,000	595,000	922,000	922,000
Other accounts payable	-	-	-	-
	327,000	595,000	922,000	922,000

Note 14 Financial Instruments, Risk Management Objectives and Policies Continued

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

Note 15. Share Based Payments

(a) Acquisition of Emefcy Limited (Israel)

On 18 December 2015 Emefcy Group Limited (formerly Savcor Group Limited) completed the legal acquisition of Emefcy Limited. Under Australian Accounting Standards Emefcy Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Emefcy Limited acquires the net assets and listing status of Emefcy Group Limited.

The purchase consideration for the acquisition of Emefcy Group Limited by the shareholders of Emefcy Limited (Israel) under reverse acquisition accounting was the issue of 42,671,357 shares at a value per share of AU\$0.20 (US\$0.1424) and the cash payment of US\$2 million to a former shareholder of Emefcy Limited (Israel), determined as follows:

(i) Deemed consideration

	Shares	Value per Share	US\$
Share consideration	42,671,357	0.1424	6,077,632
Cash consideration – <i>separately expensed</i>			2,000,000
Total consideration			8,077,632

(ii) Emefcy Group Limited Share Based Payment - Listing Expense

	US\$
Deemed share consideration	6,077,632
Cash consideration	2,000,000
Less net assets of Emefcy Group Limited pre-acquisition	(276,007)
Total listing expense on completion of acquisition transaction	7,801,624

Note 15. Share Based Payments Continued

(iii) Assets and Liabilities acquired – Emefcy Group Limited

	US\$
Cash and cash equivalents	294,810
Other receivables	55,705
Prepayments	8,902
Total assets	359,417
Trade and other payables	83,410
Total Liabilities	83,410
Net Assets on completion of transaction	276,007

(b) Other Share Based Payments

On 18th December 2015, 700,000 shares were issued to consultants at an issue price of AU\$0.20 per share and a total transactional value of AU\$140,000 (US 99,700) as identified in Note 12 Issued Capital.

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Remuneration and Nomination Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee

Set out below are summaries of options granted under the plan:

2015		Balance at the start of the year	Exercise Price	Granted	Exercised	Vested	Balance at the end of the year
Grant date	Expiry date						
05/06/2015	05/06/2017	-	A\$0.15	900,000	-	900,000	900,000
18/12/2015	18/12/2018	-	A\$0.30	2,500,000	-	500,000	2,500,000
18/12/2015	18/12/2019	-	A\$0.40	2,500,000	-	500,000	2,500,000
23/12/2015	23/12/2019	-	A\$0.30	321,473	-	-	321,473
23/12/2015	23/12/2019	-	A\$0.40	1,321,473	-	-	1,321,473
23/12/2015	23/12/2020	-	A\$0.40	1,000,000	-	-	1,000,000
				8,542,946		1,900,000	8,542,946

Weighted average exercise price 0.34

Note 15. Share Based Payments Continued

2014		Balance at the start of the year	Exercise Price	Granted	Exercised	Forfeited	Vested	Balance at the end of the year
Grant date	Expiry date							
04/03/2014	04/03/2024	94,000	US\$1.56	24,000	-	44,000	27,875	74,000
28/01/2011	28/01/2021	15,900	US\$2.30	-	-	-	15,900	15,900
		109,900		24,000		44,000	43,775	89,900^(a)

^(a) These options were cancelled as part of transaction involving acquisition of Emefcy Group Limited

Weighted average exercise price 0.21

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.62 years (2014: 7.78 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are outlined below. The Expected Volatility has been determined based on the 3 and 4 year volatility of 4 comparable companies.

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected Volatility (%)	Dividend yield	Risk-free Interest rate	Fair value at grant date
5/06/2015	5/06/2017	A\$ 0.08	A\$0.15	86	-	2.04%	US\$ 0.0186
18/12/2015	18/12/2018	A\$ 0.20	A\$ 0.30	100	-	2.05%	US\$ 0.0776
18/12/2015	18/12/2019	A\$ 0.20	A\$ 0.40	100	-	2.05%	US\$ 0.0824
23/12/2015	23/12/2019	A\$ 0.20	A\$ 0.30	82.80	-	2.24%	US\$ 0.0767
23/12/2015	23/12/2019	A\$ 0.20	A\$ 0.40	82.80	-	2.24%	US\$ 0.0678
23/12/2015	23/12/2020	A\$ 0.20	A\$ 0.40	82.80	-	2.24%	US\$ 0.0933

Note 16. Fair Value Measurement

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Recognised fair value measurements

The following table sets out the group's liabilities that are measured and recognised at fair value in the financial statements.

Note 16. Fair Value Measurement Continued

2015	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Recurring fair value measurements				
<i>Financial liabilities</i>				
Government grant liability	-	-	1,175,000	1,175,000
	-	-	1,175,000	1,175,000

2014	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Recurring fair value measurements				
<i>Financial liabilities</i>				
Government grant liability	-	-	595,000	595,000
	-	-	595,000	595,000

Disclosed fair values

The group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

The fair value of the second commercial milestone is nil as the Directors deemed that it has not been met. Refer to Note 11 for further details.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values because the impact of discounting is not significant.

Valuation techniques and assumptions used to derive Level 3 fair values recognised in the financial statements

The fair value of the government grant liability is determined by the expected time period that the grant liability is to be repaid from the royalty stream from future revenue discounted over time at a rate of 14.9% (2014 22.5%)

Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements.

	Government Grant
Opening Balance at 1 January 2014	406,000
Adjustment to fair value of liability	189,000
Closing balance at 31 December 2014	595,000
Adjustment to fair value of liability	580,000
Closing balance at 31 December 2015	1,175,000

Note 17. Key Management Personnel Disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2015 US\$	2014 US\$
Short-term employee benefits	811,955	657,697
Share based payments	95,756	-
	907,711	657,697

The above Key Management Personnel disclosures represents the remuneration of Key Management Personnel defined in the Remuneration Report and paid or payable for the 12 months ended 31 December 2014 and 31 December 2015 by Emefcy Limited (Israel) and amounts payables by Emefcy Group Limited (the legal parent) from 18 December 2015 to 31 December 2015.

For more information on Key Management Personnel Compensation disclosed under the Corporations Act 2001, please refer to Remuneration Report contained under Directors' Report.

Note 18. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company, its network firms and unrelated firms:

	2015 US\$	2014 US\$
Audit or review of the financial statements – BDO East Coast Partnership	36,490	-
Audit or review of the financial statements – BDO Israel	14,920	11,500
	51,410	11,500

Note 19. Commitments and Contingencies

(i) The Company leases premises for the year ended 31 December 2015. The aggregate minimum rental commitments under the non-cancellable rent agreements as at 31 December 2015 are \$45,000. Total rent expenses for the years ended 31 December 2015 and 2014 were \$141,000 and \$123,000, respectively.

(ii) The Company leases its motor vehicles under lease agreements. As at 31 December 2015, the minimum payment under these operating leases is \$14,000.

(iii) As at 31 December 2015 and 2014, the Company provided a bank guarantee for the fulfilment of its lease commitments in the amount of approximately \$32,000 and \$34,000, respectively.

(iv) The company has a government grant liability of \$1,175,000, for details refer to Note 10 Trade and Other Payables.

(v) As part of the consideration of the acquisition of Emefcy, the Company has an obligation to issue a further 22,500,000 shares to Emefcy Limited (Israel) vendors upon, and subject to, the satisfaction of the second milestone. For details of the second milestone refer to Note 11.

(vi) The Company also has an outstanding redeemable note with a face value of US\$ 1 million to one Emefcy vendor and is redeemable subject to the satisfaction of the second commercial milestone. For details of the second milestone refer to Note 11.

Note 20. Related Party Transactions

Parent entity

Emefcy Group Limited is the legal parent entity in the consolidated entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report in the directors' report.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Other than the issue of shares and options, no other related party transactions have been entered into between key management personnel and the group during the financial year 2015 and 2014.

Note 21. Parent Entity Information

Set out below is the supplementary information about the parent entity being the legal acquirer, Emefcy Group Limited.

Statement of Profit or Loss and Other Comprehensive Income

	Parent 2015 US\$	Parent 2014 US\$
Loss after income tax	1,008,757	(18,687,363)
Total comprehensive loss	1,008,757	(18,687,363)

Statement of Financial Position

	Parent 2015 US\$	Parent 2014 US\$
Current assets	8,125,788	1,941,553
Total assets	8,125,788	1,941,553
Current liabilities	155,546	28,881,013
Total liabilities	155,546	28,881,013
Net Assets	7,970,242	(26,939,459)
Equity		
Issued Capital	8,753,174	223,936,712
Reserves	225,825	(209,495,387)
Accumulated losses	(1,008,757)	(41,380,784)
Total equity	7,970,242	(26,939,459)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has not entered into any guarantees in the current or prior financial year in relation to debts of its subsidiaries.

Significant accounting policies

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

Note 21. Parent Entity Information *Continued*

Contractual commitments and Contingent Liabilities

At 31 December 2015 Emefcy Group Limited had no contractual commitment and contingent liabilities.

Comparative financial information

Having regard to the previous year (2014) comparative numbers, as reported in the 31 December 2014 Financial Statements, the company was placed into Voluntary Administration on 27 June 2014 and the company subsequently finalized a Deed of Company Arrangement on 12 March 2015. The Administrators at that time noted there were incomplete books and records available to company prior to the period of entering into administration, and the company's previous auditor issued a disclaimer of opinion on the financial statements of the company for the year 31 December 2014.

Note 22. Subsidiaries

Name of entity	Country of incorporation	Equity holding	
		2015	2014
		%	%
Parent Entity			
Emefcy Group Limited	Australia	N/A	N/A
Subsidiaries of Emefcy Group Limited			
Emefcy Limited (Israel)	Israel	100	-

On 18 December 2015 Emefcy Group Limited (formerly Savcor Group Limited) completed the legal acquisition of Emefcy Limited (Israel), which has been accounted for as a reverse acquisition (refer Note 1a)

Note 23. Reconciliation of net loss after income tax to net cash from operating activities

	2015 US\$	2014 US\$
a) Reconciliation of cash flow from operations with loss after income tax:		
Loss for the period attributable to owners of parent entity	(9,088,500)	(2,020,000)
Add back:		
Depreciation expense	70,922	122,000
Equity issued for nil consideration	190,322	11,000
Fair value adjustments	6,077,632	-
Accrued capital raising costs	(21,289)	-
Foreign exchange differences	188,465	77,000
<i>Changes in working capital net of acquisition:</i>		
Increase in accounts receivable	(5,564)	(4,000)
Decrease in other current assets	263,106	-
Increase in accounts payable	807,264	173,000
Increase in other payables	1,000,000	(40,000)
Cash flow from operations	(517,643)	(1,681,000)

b) Non-cash financing and investing activities

During the period non cash financing and investing activities included the acquisition of Emefcy Limited (Israel) which has been accounted for as a reverse acquisition and included the issue of the issue shares (refer note 12a and note 15) and the issue of options to directors (note 12(b)).

Note 24. Earnings per share

	2015	2014
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company	(0.13)	(0.03)
Diluted loss per share		
Loss attributable to the ordinary equity holders of the Company	(0.13)	(0.03)
Loss used in calculation of basic/diluted earnings/(loss) per share		
Loss	(9,088,500)	(2,020,000)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	69,004,621	65,000,000 ¹

¹ The weighted average shares has been revised and reflects the weighted average total actual shares of Emefcy Limited (Israel) in issue after the date of acquisition.

Note 25. Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Note 26. Events after the reporting period

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Directors' Declaration

The Directors of the consolidated entity declare that:

In the opinion of the Directors:

1. the financial statements and notes, as set out on pages 26 to 58 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the Consolidated entity;
 - c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2015.

Eytan Levy
Managing Director and CEO
31st March 2016
Israel



INDEPENDENT AUDITOR'S REPORT

To the members of Emefcy Group Limited (formerly Savcor Group Limited)

Report on the Financial Report

We have audited the accompanying financial report of Emefcy Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Emefcy Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

The Parent entity information disclosed in note 21 to the financial report includes comparative parent entity disclosures pertaining to Emefcy Group Limited (formerly Savcor Group Limited).

The legal parent entity, Emefcy Group Limited (formerly Savcor Group Limited), entered into Administration on 27 June 2014 and finalised a Deed of Company Arrangement on 12 March 2015.

When the company entered into administration the Directors of the company did not have access to complete written financial records that correctly record and explain the transactions and financial position of Savcor Group Limited which enable the financial report to be prepared and audited for the year ended 31 December 2014. Accordingly, the audit opinion on the financial report for the period ended 31 December 2014 included a Disclaimer of opinion.

Our opinion on the current period's financial report is also modified only to the extent of the disclosures in note 21 to the financial report because of the possible effect of this matter on the comparability of the current period's disclosures and the corresponding disclosures.

Qualified Opinion

In our opinion, except for the effects of the matter described in *Basis for Qualified Opinion* section of our report:

- (a) the financial report of Emefcy Group 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 31 December 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the Remuneration Report

We were engaged to audit the Remuneration Report included in pages 11 to 22 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for Qualified Opinion

The legal parent entity, Emefcy Group Limited (formerly Savcor Group Limited) entered into Administration on 27 June 2014 and finalised a Deed of Company Arrangement on 12 March 2015.

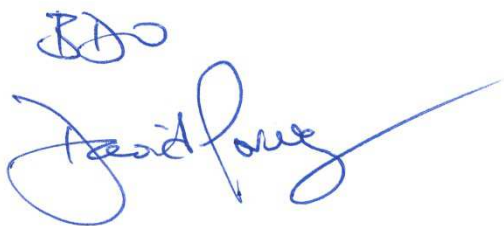
When the company entered the administration the Directors of the company did not have access to complete written financial records that correctly record and explain the transactions of Savcor Group Limited which enable the remuneration report to be prepared and audited for the year ended 31 December 2014. Accordingly, the audit opinion on the remuneration report for the period ended 31 December 2014 included a Disclaimer of opinion.

Consequently the remuneration report included in the financial report for the year ended 31 December 2015 has been prepared without comparative information, which constitutes non-compliance with the requirements of section 300A of the Corporations Act 2001.

Qualified Opinion

In our opinion, except for the effects of the matter described in Basis for Qualified Opinion section of our report, the Remuneration Report of Emefcy Group Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey'. Above the signature is a small, stylized logo consisting of the letters 'BDO' in a circular arrangement.

David Garvey
Partner

Melbourne, 31 March 2016

Corporate Directory

DIRECTORS

Mr Richard Irving	Executive Chairman
Mr Ross Haghighat	Non-Executive Director
Mr Peter Marks	Non-Executive Director
Mr Phillip Hains	Non-Executive Director and Joint Company Secretary
Mr Eytan Levy	Managing Director

COMPANY SECRETARIES

Mr Ross Kennedy
Mr Phillip Hains

COMPANY

Emefcy Group Limited
ABN 52 127 734 196

WEBSITE

www.emefcy.com

PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY

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Telephone: 1300 737 760 (local)
+61 2 9290 9600 (international)

SOLICITORS

Quinert Rodda & Associates Pty Ltd

Level 6, 50 Queen Street
Melbourne, VIC, 3000, Australia

AUDITORS

BDO East Coast Partnership
Level 14, 140 William Street,
Melbourne VIC 3000
Australia

BANKER

National Australia Bank (NAB)
Melbourne, Victoria,
Australia

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: EMC)