

Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.3A)

Company Name:	Emefcy Group Limited (the 'Company') (formerly Savcor Group Limited)
ABN:	52 127 734 196
Reporting Period:	Financial year ended 31 December 2016
Previous Reporting Period:	Financial year ended 31 December 2015

Results for Announcement to the Market

The results of Emefcy Limited for the year ended 31 December 2016 are as follows:

			2016 (US\$)		2015 (US\$)
Revenues from ordinary activities	Increase	to	811,658	from	1,179
Loss after tax attributable to members	Decrease	to	(9,064,908)	from	(9,088,500)
Net loss for the period attributable to members	Decrease	to	(9,064,908)	from	(9,088,500)

Brief explanation of figures reported above

The consolidated loss for the Company after income tax for the reporting period was US\$ 9,064,908 (2015: loss of US\$ 9,088,500). There is no tax payable or refund due during the current reporting period (2015: Nil).

The financial report is presented in United States Dollars which is the Group's functional currency.

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

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.

Net Tangible Assets

	Consolidated Entity	
	31 December 2016	31 December 2015
	US\$	US\$
Net Tangible Assets	21,930,101	7,075,179
Shares (No.)	257,051,054	177,437,410
Net Tangible Assets per security	0.09	0.04

Loss per Share

	Consolidated Entity	
	31 December 2016	31 December 2015
	US\$	US\$
Basic loss per share	(0.04)	(0.13)
Diluted loss per share	(0.04)	(0.13)

Control gained or lost over entities having material effect

During the period, the Company has established a new company called Emefcy Hong Kong Limited on 18 July 2016.

There were no other entities where control was gained or lost during the period.

Status of Audit of Accounts

These accounts are currently in the process of being audited. An Annual Report for the year ended 31 December 2016 containing the Audit Report shall be provided in due course.



ABN 52 127 734 196

Appendix 4E

Preliminary Final Report

For the Year Ended 31 December 2016

In Compliance with ASX Listing Rule 4.3A

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Director's Report and Review of Operations

The Directors present their report, together with the financial statements for the financial year ended 31 December 2016, 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'); Emefcy Limited based in Israel; and Emefcy Hong Kong Limited, a wholly owned, Hong Kong based subsidiary incorporated on 18 July 2016.

Overview of presentation of the Directors Report and results for the year ended 31 December 2016

In 2016, the Company successfully transitioned from technology development to global commercialisation of its innovative and patented Membrane Aerated Biofilm Reactor ("MABR") wastewater treatment technology.

Regional sales capabilities have been established on four continents:

- Middle East (Israel);
- Americas (US Virgin Islands, and a demonstration facility with Stanford University's Codiga Resource Recovery Center);
- Africa (Ethiopia); and
- Asia (China).

Of all these markets, China offers the greatest near term growth opportunities. In February 2016, the Chinese Central Government released the 13th Five Year Plan. This Plan includes Central Government funding to increase the proportion of remote Chinese villages with wastewater treatment from 10% to 70%. The Company has entered into four strategic partnership agreements in China to date.

Further details are set out in the section "Review of Operations".

The financial results for the year ended 31 December 2016 reflect the results of Emefcy Group Limited, Emefcy Israel, as well as Emefcy Hong Kong Limited for the period from incorporation on 18 July 2016 to 31 December 2016.

The comparative results for the 2015 year reflect the results of Emefcy Limited (Israel) for the full year, and Emefcy Group Limited (formerly Savcor Group Limited) for the 13 days from 18 December 2015 to 31 December 2015.

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 Henry Irving - Executive Chairman

Eytan Baruch Levy – Managing Director & CEO

Ross Haghighat – Non-Executive Director

Peter Marks – Non-Executive Director

Robert Wale – Non-Executive Director (appointed 5 April 2016)

Phillip Hains – Non-Executive Director (resigned 5 April 2016)

Dividends

There were no dividends paid during the financial year.

Results for the Year

The consolidated loss for the Group after income tax for the reporting period was US\$ 9,064,908 (2015: loss of US\$ 9,088,501). The losses mainly derived from expanded research and development programs, deploying demonstration Emefcy MABR units to establish reference sites, some non-cash items and developing a global sales platform. There is no tax payable or refund due during the current reporting period (2015: Nil).

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

The Directors of Emefcy have adopted US dollars as the most appropriate presentation currency.

For further details relating to the current period's results, refer to the **Review of Operations** section contained within this document.

Significant changes in the state of affairs

During the year the Group transitioned from technology development to global product commercialisation as described in the Review of Operations section.

On July 18, 2016, the Company incorporated Emefcy Hong Kong Limited as a wholly owned subsidiary in Hong Kong as part of the China strategy. In turn, this subsidiary will hold 100% of the shares in a Wholly Foreign Owned Entity to be incorporated on mainland China with the name Jiangsu Emefcy Environment Protection Technologies Limited.

Principal Activities

The Group's principal activities in the course of the financial year were:

- the research, development and commercialisation of innovative wastewater treatment systems incorporating Membrane Aerated Biofilm Reactor ("MABR") based wastewater treatment technology for use in decentralised settings;
- implementing the multi-faceted China strategy;
- Implementing the US strategy based on an initial Recycle as a Service ("RaaS") development phase and appointment of regional manufacturer representatives;
- developing the larger scale SUBRE product ready for field testing; and
- progressing the Electrogenic Bio Reactor ("EBR") technology for potential use in certain industrial waste applications.

Aside from the global commercialisation of the MABR based wastewater treatment technologies and the commencement of activities to establish global manufacturing facilities in China, there were no other significant changes in the nature of the Company's principal activities during the financial year.

Review of Operations

i) Global Commercialisation

Management has presented the innovative MABR based technology at numerous international exhibitions throughout the year, including the prestigious WEFTEC conference held in New Orleans in the USA, as well as exhibitions in Europe, Australia and Asia.

Numerous delegations have been hosted at the Group's Caesarea Israel offices, manufacturing facility and nearby in-field demonstration sites.

In consequence of these efforts, regional sales capabilities have been established on four continents:

- Middle East (Israel);
- Americas (US Virgin Islands, and a demonstration facility with Stanford University's Codiga Resource Recovery Center);
- Africa (Ethiopia); and
- Asia (China).

Of all these markets, China offers the greatest near term growth opportunities. In February 2016, the Chinese Central Government released the next Five Year Plan which includes Central Government funding to increase the proportion of remote Chinese villages with wastewater treatment from 10% to 70%. The Company has entered into four strategic partnership agreements in China to date.

The Company has entered into four strategic partnership distribution agreements in mainland China:

- Wuxi Municipal Design Institute, a subsidiary of Wuxi Guolian Environmental & Energy Group Co. Ltd. ("Wuxi Guolian"), a leading state-owned enterprise wastewater treatment plant operator and provider of environmental protection services throughout Jiangsu, mainland China, and international markets.
- Beijing Sinorichen Environmental Protection Corp. Ltd. ("Sinorichen"), a leading firm specialising in wastewater treatment consulting and engineering services, throughout Beijing Province and Northern China;
- Jiangsu Jinzi Environmental Technology Company, Ltd. ("Jinzi"), a leading environmental protection company focusing on the design, building and operation of wastewater treatment systems for rural communities in the Central and Southern Provinces of China;
- China Gezhouba Group Investment Holding Co., Ltd, (CGGC INV), a highly regarded global engineering group, is considering the utilisation of up to 10,000 Membrane Aerated Biofilm Reactor (MABR) Modules in the Hubei, Hebei, and Guangdong Provinces in rural China in initial projects under negotiation.

The next steps include the deployment of demonstration units to each of the distribution partners to confirm the technical performance capabilities of the Emefcy MABR technology under local conditions, assist in gaining provincial certifications and promote the technology to potential customers.

The Company's first commercial installation of the MABR wastewater treatment solution was successfully inaugurated at Ha'Yogev, Israel on 19 September 2016.

Mr Wermus, CEO of the Yuvalai HaEmek municipality articulated his enthusiasm for Emefcy's MABR solution which, for the first time, enables the community of HaYogev the benefit of state of the art treatment of their waste water with very low energy operating costs, as well as the supply of ample treated water for their agricultural irrigation needs. He further commented about Emefcy's project having a range of unmatched key benefits, including lower commissioning costs, superior environmental performance, lower ongoing operating costs than its competitors, as well as being neighbourhood friendly and built from long life components.

This new municipal MABR facility serves the rural farming community of 1,000 homes, agricultural fields as well as local dairy needs. Its demographics are representative of hundreds of thousands of rural communities worldwide, especially in China, where under the current 5 Year plan, more than 110,000 such "off-grid" communities are currently seeking wastewater treatment solutions.

On 27 January 2017, the official inauguration of the Group's second MABR based wastewater treatment installation took place at Bordeaux in St Thomas, US Virgin Islands.

Mr. James E. Grum, Chief Engineer of Virgin Islands Wastewater Management Authority, expressed his satisfaction with the MABR solution and noted that it met every parameter originally declared in the initial specifications provided in Emefcy's proposal. He added that Emefcy's sweet spot is having a range of unmatched key benefits, including lower commissioning costs, low maintenance, superior environmental performance, low energy requirements, as well as being neighbourhood friendly.

For this project Emefcy partnered with SD&C Inc, who served as the general contractor for the project, responsible for installing and commissioning the plant.

Mr. Tony Adibe, CEO of SD&C said "We are excited to have teamed up with Emefcy to deliver this innovative and low energy wastewater treatment system to the US Virgin Islands. We look forward to this being a showcase to address the ever-growing wastewater treatment and reuse needs of municipalities and resorts throughout the Caribbean Islands."

A number of significant product developments were achieved during the year.

The Company's first commercial installation of the MABR wastewater treatment solution was successfully inaugurated at Ha'Yogev, Israel on 19 September 2016.

The Company is now manufacturing a more efficient and cost effective second generation MABR wastewater treatment solution, incorporating a larger diameter spiral and improved product components.

Key benefits of the Emefcy MABR wastewater treatment solution include:

- Up to 90% lower energy costs than traditional biological process wastewater treatment and water reuse systems;
- Neighbourhood friendly characteristics including significant reduced noise levels, smaller land footprint and virtually no odour compared to traditional wastewater facilities;
- Modular design is readily scaleable and deployable to remote locations; and
- Being designed for decentralised systems, MABR has much lower capital expenditure requirements and operation costs, when compared to traditional centralised systems.

A third generation, and more cost effective MABR wastewater treatment solution is being designed for manufacture and deployment in China later this year.

A yet larger scale version of the MABR based wastewater treatment solution called "SUBRE" has been developed for deployment in existing municipal waste water treatment facilities - to substantially reduce the energy costs of wastewater treatment, and with much more friendly neighbourhood characteristics – especially with much reduced noise and odour levels. A prototype is currently undergoing field tests ahead of potential deployment later in 2017. The SUBRE product is estimated to have significant worldwide potential sales.

Work is continuing on the Electrogenic Bio Reactor ("EBR") technology. The EBR has a laboratory pilot operating, and is planned to have a field pilot at the end of the year.

iii) Manufacturing

The Group has made significant advances during the year in establishing manufacturing facilities at its Or'Akiva site in northern Israel. A full production team has been employed and QAQC systems implemented. Production units for sales, including demonstration units for China, are being manufactured at this facility.

As part of the integrated strategy for China, agreements have been entered into to establish a high volume, Group owned manufacturing facility in the Changzhou Industrial Park in Jiangsu Province on favourable terms. This facility is expected to be fully operational later in 2017.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2016 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 Group expects to continue to roll out the commercialisation of MABR wastewater treatment solutions with a continuing focus on meeting the market potential in China, and other developing countries. This includes the establishment of a high volume manufacturing facility in Changzhou China.

Director's Report and Review of Operations *Continued.....*

The Group is also developing a business model and identifying potential market opportunities for the operation and maintenance of wastewater treatment solutions, and the offering of recycled water for reuse, referred to as "Reuse as a Service".

Product development is also expected to continue, with the development of the third generation MABR wastewater treatment solution for manufacture in China, further field tests and commercial deployment of SUBRE and on-going research and development of the EBR product.

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 \$3billion 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 Department 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 28,944,080 shares in the Company.
Interests in options:	Direct interest in 500,000 employee options with an exercise price of 30 cents and 500,000 employee options with an exercise price of 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. The first milestone has already been satisfied, resulting in the issue of a further 7,314,692 shares in the Company during the 2016 year. 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.

Director's Report and Review of Operations *Continued.....*

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:	<p>With 25 years technical experience, Eytan has been recognised as one of Israel's leading water technology entrepreneurs.</p> <p>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.</p> <p>Eytan was also part of the founding team and a Venture Partner in Israel Cleantech Ventures, a leading Israeli venture capital fund focused on backing Israel's emerging cleantech technology companies.</p> <p>Eytan joined the Board of Emefcy Group Limited on 18 December 2015 in the role of Managing Director & CEO.</p>
Other current Directorships:	None
Former Directorships (last 3 years):	None
Special responsibilities:	Nil
Interests in shares:	Direct interest in 9,267,810 ordinary shares
Interests in options:	Direct interest in 1,000,000 employee options with an exercise price of 30 cents and 3,000,000 employee options with an exercise price of 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 second milestone being satisfied, Mr Levy will be issued a further 3,104,551 shares in the Company.

Director's Report and Review of Operations *Continued.....*

Name:	Ross Haghighat
Title:	Non-Executive Director
Qualifications:	B.Sc. and a Masters in Material Science in Organometallic Chemistry, Rutgers University (USA). MBA, Boston College – Carroll School of Management (USA)
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, Sensera Limited
Former Directorships (last 3 years):	None
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 30 cents and 500,000 employee options with an exercise price of 40 cents
Contractual rights to shares:	None
Name:	Peter Marks
Title:	Non-Executive Director
Qualifications:	B.Ec, LLB 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. Peter has been a Director of the Company since 12 March 2015.
Other current Directorships:	Prana Biotechnology Limited (listed on ASX and NASDAQ) and Noxopharm Ltd
Former Directorships (last 3 years):	Armada Capital plc (listed on AIM)
Special responsibilities:	Member of the Remuneration and Nomination Committee and Chair of the Audit and Risk Committee
Interest in shares:	Indirect interest in 1,854,403 shares
Interest in options:	Direct interest in 500,000 options with an exercise price of 30 cents and 500,000 options with an exercise price of 40 cents Indirect interest in 400,000 share options with an exercise price of 15 cents
Contractual rights to shares:	None

Name:	Rob Wale
Title:	Non-Executive Director
Qualifications:	Bachelor of Science (BSc), Mech. Eng, Uni of Wollongong [Aust.]
Experience and expertise:	Robert brings over 30 years of executive-level experience in the global water industry including strategic, business, sales, marketing and operations roles in Australia, USA, China and throughout the Asia Pacific region. Rob has managed international businesses ranging from early-stage start-ups to companies generating revenues of \$400m per annum. He has served as General Manager of the Water Group at Lucas Engineering & Construction, Vice President for Asia-Pacific for Siemens Water Group, Managing Director for Veolia Water Services & Systems, Vice President, Sales & Marketing Asia-Pacific for US Filter, and General Manager and Vice President Technical and Business Development at Memtec Ltd. Since 2008, he has been Managing Director of BlueSand Consulting Pty Ltd, developing & reviewing water business strategies for companies, investors, multinational companies and banks. Robert has been a Director of the Company since 5 April 2016.
Other current Directorships:	Nil
Former Directorships (last 3 years):	None
Special responsibilities:	Development of the RaaS business model
Interest in shares:	None
Interest in options:	500,000 options over ordinary shares with an exercise price of 35 cents each
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.

All option details are in AUD.

Company Secretary

Ross Kennedy was appointed Joint Company Secretary on 23 December 2015 and is currently Company Secretary & Advisor to the Board. 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.

This report is made in accordance with a resolution of Directors.

Mr Richard Irving
Executive Chairman
Melbourne
28 February 2017

Statement of Profit or Loss and Comprehensive Income

For the Year Ended 31 December 2016

Consolidated	Notes	31 December 2016 US\$	31 December 2015 US\$
Revenues			
Operating revenue	3	792,424	-
Interest revenue		19,234	1,179
Cost of sales		(2,007,202)	-
Expenses			
Research and development expenses		(2,044,774)	-
Sales and marketing expenses		(949,818)	(125,705)
Administration expenses		(1,909,589)	(553,636)
Corporate consulting fees		(1,443,547)	(99,700)
Director expense		(1,036,615)	(90,622)
Legal expenses		(254,026)	(76,433)
Amortisation and depreciation		(298,828)	(70,922)
Listing expense recognised on acquisition ^{1,2}		(1,000,000)	(7,801,624)
Finance costs		(11,711)	(32,520)
Foreign exchange gain/(loss)		1,079,544	(238,517)
Loss before income tax expense		(9,064,908)	(9,088,500)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(9,064,908)	(9,088,500)
Loss after income tax expense for the year attributable to the owners of Emefcy Group Limited		(9,064,908)	(9,088,500)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(881,143)	226,173
Other comprehensive gain (loss) for the period, net of tax		(881,143)	226,173
Total comprehensive loss for the period attributable to the owners of Emefcy Group Limited		(9,946,051)	(8,862,327)
Losses per share for loss attributable to the owners of Emefcy Group Limited			
Basic loss per share		(0.04)	(0.13)
Diluted loss per share		(0.04)	(0.13)

¹ The listing expense was recognised on the reverse acquisition of Emefcy Group Limited. The listing expense included a \$5,801,624 non-cash expense and has no effect on the Company's cash reserve.

² The listing expense also included a US\$1m cash payment made to Emefcy's vendor on completion of the acquisition and US\$1m non-current redeemable note payable to Emefcy's vendor upon satisfaction of the milestone pursuant to the acquisition agreement.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2016

Consolidated	Notes	31 December 2016 US\$	31 December 2015 US\$
Current Assets			
Cash and cash equivalents		22,870,848	8,478,927
Short term deposits		114,706	-
Restricted cash		18,761	32,127
Trade and other receivables		712,609	204,206
Inventories		452,454	194,969
Prepayments		205,023	68,137
Total current assets		24,374,401	8,978,366
Non-Current Assets			
Other receivables		49,373	2,357
Property, plant and equipment, net		1,039,460	823,720
Intangible assets, net		2,133,548	2,286,877
Total non-current assets		3,222,381	3,112,954
TOTAL ASSETS		27,596,782	12,091,320
Current Liabilities			
Trade and other payables		1,371,331	617,519
Provisions		123,113	-
Other financial liabilities	6	1,000,000	-
Total current liabilities		2,494,444	617,519
Non-Current Liabilities			
Trade and other payables		1,038,689	1,111,745
Other financial liabilities	6	-	1,000,000
Total non-current liabilities		1,038,689	2,111,745
TOTAL LIABILITIES		3,533,133	2,729,264
NET ASSETS		24,063,649	9,362,056
Equity			
Contributed equity	7 (a)	53,129,419	28,481,775
Reserve		(654,970)	226,173
Accumulated losses		(28,410,800)	(19,345,892)
TOTAL EQUITY		24,063,649	9,362,056

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

Consolidated	Note	Contributed Equity US\$	Foreign Currency Reserves \$USD	Accumulated Losses US\$	Total US\$
Balance as at 1 January 2015	7(a)	12,660,392	-	(10,257,392)	2,403,000
Loss for the period attributable to members of the parent entity		-	-	(9,088,500)	(9,088,501)
Other comprehensive income/(expense) for the period		-	226,173	-	226,173
Total comprehensive income for the period		-	226,173	(9,088,500)	(8,862,328)
<i>Transactions with owners in their capacity as owners</i>					
Issue of ordinary shares, net of transaction costs	7(a)	15,664,834			15,727,586
Issue of options	7(b)	156,549			93,797
Balance as at 31 December 2015		28,481,775	226,173	(19,345,892)	9,362,056
Loss for the period attributable to members of the parent entity		-	-	(9,064,908)	(9,064,908)
Other comprehensive income/(expense) for the period		-	(881,143)	-	(881,143)
Total comprehensive income for the period		-	(881,143)	(9,064,908)	(9,946,051)
<i>Transactions with owners in their capacity as owners</i>					
Issue of ordinary shares, net of transaction costs	7(a)	22,946,283			22,946,283
Issue of options	7(b)	1,701,361			1,701,361
Balance as at 31 December 2016		53,129,419	(654,970)	(28,410,800)	24,063,649

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2016

Consolidated	31 December 2016 US\$	31 December 2015 US\$
<i>Cash flows from operating activities</i>		
Receipt from customers	284,021	-
Payments to suppliers and employees	(7,452,420)	(518,822)
Interest received	19,234	1,179
Net cash flows used in operating activities	(7,149,165)	(517,642)
<i>Cash flows related to investing activities</i>		
Payment for purchases of plant and equipment	(368,031)	(5,579)
Refund / (Payment) of long term lease deposits	(47,016)	4,812
Receipt from restricted cash	13,366	-
Cash consideration of acquisition	(1,000,000)	(1,000,000)
Capitalisation of research and development expenses	-	(1,221,648)
Funds transferred to term deposit	(114,706)	-
Royalties paid to chief scientist office	(12,486)	-
Net cash flows used in investing activities	(1,528,873)	(2,222,415)
<i>Cash flows related to financing activities</i>		
Proceeds from issues of securities	22,951,026	10,634,076
Capital raising costs	(86,260)	(1,062,533)
Net cash flows provided by financing activities	22,864,766	9,571,543
Net increase in cash and cash equivalents	14,186,728	6,831,485
Cash and cash equivalents at the beginning of the year	8,478,927	1,617,000
Effects of exchange rate changes on cash and cash equivalents	205,193	30,442
Cash and cash equivalents at the end of the period	22,870,848	8,478,927

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Note 1 - Statement of Significant Accounting Policies

Corporate Information

This Preliminary Financial Report covers the consolidated entity of Emefcy Group Limited and its controlled entities. The Company's principal activities are research, development and commercialisation of wastewater treatment solutions.

The Company's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

Basis of preparation

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs. Cost is based on fair values of the consideration given in exchange for assets.

The presentation currency adopted in the preparation of the preliminary financial report is United States Dollars, which is the same as the consolidated entity's functional currency.

Note 2 - 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 3 - Operating revenue

	Consolidated Entity	
	31 December 2016	31 December 2015
	US\$	US\$
MABR sales in Israel	230,224	-
MABR sales outside of Israel	552,428	-
Other income	9,772	-
Total Operating Revenue	792,424	-

Notes to the Financial Statements *Continued.....*

Note 4 - Segment Information

Primary Reporting Format - Business Segments

The Company recognises its operations in Israel as its 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 segments 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.

		Israel 31 December 2016 US\$	Israel 31 December 2015 US\$
Segment revenue			
Operating revenue		792,424	-
Unallocated revenue – corporate	(a)	19,234	1,179
		811,658	1,179
Segment Expenses			
Segment depreciation expenses		(298,828)	(70,922)
Segment expenses		(5,875,821)	(741,380)
Unallocated expenses - corporate	(b)	(3,701,917)	(8,277,377)
		(9,876,566)	(9,089,679)
Net Result		(9,064,908)	(9,088,500)
Assets			
Segment assets		11,411,444	3,965,532
Unallocated assets – corporate	(c)	16,185,338	8,125,788
		27,596,782	12,091,320
Liabilities			
Segment liabilities		(2,221,343)	(1,573,718)
Unallocated liabilities – corporate	(d)	(1,311,790)	(1,155,546)
		(3,533,133)	(2,729,264)
Other information:			
Acquisitions of PPE		368,031	5,579
Acquisitions of intangible assets		-	1,652,427
Non current assets by Geographical Location - Israel		3,222,381	3,112,955

Notes to the Financial Statements *Continued.....*

Note 4 - Segment Information (Continued)

	31 December 2016	31 December 2015
	US\$	US\$
(a) Unallocated Revenue		
Unallocated revenue	19,234	1,179
(b) Unallocated Expenses		
Listing Expense Recognised on Reverse Acquisition	-	(5,801,624)
Other acquisition cash consideration	(1,000,000)	(2,000,000)
Other corporate expenses	(2,701,917)	(475,753)
	(3,701,917)	(8,277,377)
(c) Unallocated Assets		
Cash and cash equivalents	16,089,087	8,011,400
Other receivables	80,281	61,477
Prepayments	15,970	52,911
	16,185,338	8,125,788
(d) Unallocated Liabilities		
Trade and other payables	(311,790)	(155,546)
Other liabilities	(1,000,000)	(1,000,000)
	(1,311,790)	(1,155,546)

Intersegment transactions

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

Note 5 - Loss per Share

	Consolidated Entity	
	31 December 2016	31 December 2015
	US\$	US\$
Basic loss per share	(0.04)	(0.13)
Diluted loss per share	(0.04)	(0.13)
a) Net loss used in the calculation of basic and diluted loss per share	(9,064,908)	(9,088,500)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	214,111,481	69,004,621
c) Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. All the options on issue do not have the effect of diluting the loss per share therefore they have been excluded from the calculation of diluted loss per share.		

Note 6 - Other Financial Liabilities

	Consolidated Entity	
	31 December 2016 US\$	31 December 2015 US\$
Current		
Acquisition milestone 2 payable	1,000,000	-
Non-Current		
Acquisition milestone 1 payable	-	1,000,000
	1,000,000	1,000,000

As part of the transaction between Emefcy Group Limited and 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 the two commercial milestones (US\$1 million per milestone). The transaction completed on 18 December 2015. Details of the two commercial milestones and the satisfaction of the milestones are as follow:

Milestone 1 - A module of the SABRE (Spiral Aerobic Biofilm Reactor) (now referred as MABR) has been delivered to the first customer's site on, or before 18 June 2016. Having met the milestone on 29 March 2016 and completing of an additional capital raising in a private placement on 25 July 2016, the Company paid the first US\$1 million to the shareholder on 10 August 2016.

Milestone 2 - The achievement of cumulative US\$2 million in sales within 24 months of the transaction completion date. As at 31 December 2016, the directors of the Company are satisfied that the second milestone will be achieved in the next few months and has provided for the amount payable.

Note 7 - Contributed Equity

		Consolidated Entity	
		31 December 2016 US\$	31 December 2015 US\$
Ordinary shares	(a)	51,271,509	28,325,226
Options	(b)	1,857,910	156,549
Total issued capital		53,129,419	28,481,775

Note 7 - Contributed Equity (Continued)

(a) Ordinary Shares	Full year to 31 December 2016		Full year to 31 December 2015	
	No.	US\$	No.	US\$
Balance at the beginning of the period	177,437,410	28,325,226	4,324,138	12,586,640
Elimination of issued capital in Emefcy	-	-	(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	-	-	-	6,077,632
Shares issued to Emefcy Limited (Israel) vendors on Reverse Acquisition	-	-	65,000,000	-
Issue of shares AU\$0.02 pursuant to the Prospectus	-	-	69,066,053	9,836,997
Shares issued to consultants during the period	150,000	81,517	700,000	99,700
Private Placement issued at \$0.64 per share, net of private placement costs	49,400,000	22,595,948	-	-
Exercise of options	7,563,644	355,078	-	-
Issue of deferred consideration shares	22,500,000	-	-	-
Transaction costs relating to share issues	-	(86,260)	-	(1,083,822)
Balance at the end of the period	257,051,054	51,271,509	177,437,410	28,325,226
Deferred Consideration Shares to be issued	² 22,500,000	-	¹ 22,500,000	-
Balance at the end of the period including deferred shares	279,551,054	51,271,509	199,937,410	12,597,640

¹The deferred consideration shares relate to the obligation for the Company to issue a further 22,500,000 shares to Emefcy Limited (Israel) vendors 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. This milestone was satisfied on 29th March 2016.

²The deferred consideration shares relate to the obligation for the Company to issue a further 22,500,000 shares to Emefcy Limited (Israel) vendors upon the satisfaction of the second milestone which is "Emefcy has entered into firm contractual engagements representing an aggregate US\$2 million (including all associated grants and incentives) within 24 months of the date of completion of the transaction between Emefcy Group Limited and Emefcy Limited (18 December 2015). As at 31 December 2016, the Directors are satisfied that the second milestone will be achieved in the next few months.

Note 7 - Contributed Equity (Continued)

(b) Options	Full year to 31 December 2016		Full year to 31 December 2015	
	No.	US\$	No.	US\$
Balance at the beginning of the period	15,856,590	156,549	89,900	62,752
Elimination of issued options in Emefcy Limited (Israel)	-	-	(89,900)	-
Reversal of unlisted options issued to employees	(2,642,946)	-		
Unlisted Options issued in Emefcy	-	-	-	3,175
Unlisted Options issued in Savcor	-	-	8,213,644	-
Unlisted Options issued to Directors pursuant to the Prospectus	-	289,213	5,000,000	90,622
Unlisted Options issued to Employees	5,737,946	280,591	2,642,946	-
Unlisted Options issued to Consultants	6,555,000	921,100	-	-
Unlisted Options issued to Directors	2,500,000	263,942	-	-
Exercised Options	(7,563,644)	-	-	-
Cancelled Options	(1,500,000)	(53,484)	-	-
Balance at the end of the period	18,742,946	1,857,910	15,856,590	156,549

Note 8 - Commitments and Contingent Liabilities

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. The milestone pursuant to the Term Sheet is that Emefcy Limited (Israel) has entered into firm contractual engagements representing an aggregate US\$2 million (including all associated grants and incentives) on, or before 18 December 2017. As at 31 December 2016, the Directors are satisfied that the second milestone certain to be achieved in the next few months.

(i) The Company leases premises for the year ended 31 December 2016. The aggregate minimum rental commitments under the non-cancellable rent agreements as at 31 December 2016 are \$1,160,000. Total rent expenses for the years ended 31 December 2016 and 2015 were \$139,000 and \$141,000, respectively.

(ii) The Company leases its motor vehicles under lease agreements. As at 31 December 2016, the minimum payment under these operating leases is \$354,000.

(iii) As at 31 December 2016 and 2015, the Company provided a bank guarantee for the fulfilment of its lease commitments in the amount of approximately \$19,000 and \$32,000, respectively.

Other than the above, the economic entity has no other contingent liabilities or contingent assets as of 31 December 2016 and 31 December 2015. The economic entity has no commitments as of 31 December 2016 and 31 December 2015.

Note 9 - Events Subsequent to Reporting Date

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.

Note 10 - Audit

These accounts are currently in the process of being audited. An Annual Report for the year ended 31 December 2016 containing the Audit Report shall be provided in due course.

Corporate Directory

DIRECTORS

Mr Richard Irving	Executive Chairman
Mr Ross Haghighat	Non-Executive Director
Mr Peter Marks	Non-Executive Director
Mr Robert Wale	Non-Executive Director
Mr Eytan Levy	Managing Director

COMPANY SECRETARY

Mr Ross Kennedy

COMPANY

Emefcy Group Limited
ABN 52 127 734 196

WEBSITE

www.emefcy.com

PRINCIPAL PLACE OF BUSINESS

7 Ha'eshel st, Caesarea Industrial Park,
P.O. Box 3171 , 30889
Israel
Phone: +972 4 6277555
Fax: +972 4 6277556

REGISTERED OFFICE

Suite 1, 1233 High Street
Armadale, VIC, 3143, Australia
Phone: +61 (0)3 9824 5254
Fax: +61 (0)3 9822 7735

SHARE REGISTRY

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney, NSW, 2000, Australia

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

SOLICITORS

Hall & Wilcox Lawyers
Level 11, Rialto South Tower,
525 Collins Street
Melbourne VIC 3000
Australia

BANKER

National Australia Bank (NAB)
Melbourne, Victoria,
Australia

AUDITORS

BDO East Coast Partnership
Tower 4, Level 18, 727 Collins Street,
Melbourne VIC 3008
Australia

SECURITIES QUOTED

Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: EMC)