

25 February 2022

Company Announcements

For Immediate Release

ASX Code: CT1

APPENDIX 4D AND INTERIM FINANCIAL REPORT

In accordance with the ASX Listing Rules, Constellation Technologies Limited encloses for immediate release the following information:

- 1. Appendix 4D; and**
- 2. Interim Financial Report for the half year ended 31 December 2021.**

If you have a query about any matter covered by this announcement, please contact Ms Terri Bakos

Authorised for release by the Board.

ASX LISTING RULES – APPENDIX 4D
INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The following information is presented in accordance with ASX Listing Rule 4.2A.3.

1. Details of the reporting period and the previous corresponding year

Current reporting period - the half year ended 31 December 2021
Previous corresponding period - the half year ended 31 December 2020

2. Results for announcement to the market

Half Year ended	31 Dec 2021	31 Dec 2020	Increase / (Decrease)	
	\$	\$	\$	%
2.1 Revenues from ordinary activities	361,634	247,444	114,160	46.15
2.2 Loss from continuing operations	(897,961)	(1,332,971)	(435,010)	(32.63)
Loss from discontinued operations	(1,144,022)	(192,225)	951,797	495.15
2.3 Net loss for the period attributable to members	(2,041,983)	(1,525,196)	516,787	33.88
2.4 Dividends (distributions)				
Nil				
2.5 Record date for determining entitlements to the dividend				
Nil				
2.6 Commentary on “Results for Announcement to the Market”				
A brief explanation of any of the figures in 2.1 to 2.4 above is contained in the attached Interim Financial Report for the Half Year ended 31 December 2021.				

3. Net tangible assets per security

Half Year ended	31 Dec 2021	31 Dec 2020	Increase / (Decrease)	
	cents	cents	cents	%
Net tangible assets per security	0.07	0.33	(0.26)	(78.46)

4. Details of entities over which control has been gained or lost during the period

Nil

5. Details of individual and total dividends or distributions and dividend or distribution payments

Nil

6. Details of any dividend distribution reinvestment plans

Nil

7. Details of any associates and joint venture entities

Nil

8. Foreign Entities, Accounting Standards used in compiling the report

There has been no change since 30 June 2021.

Refer to note 12 of the 2021 Annual Financial Report for details of investments in foreign subsidiaries.

9. Audit / Review of Accounts upon which this report is based and qualification of audit / review

The Interim Financial Report has been subject to review and is not subject to any dispute or qualification.



**Constellation Technologies
Limited**

**Interim Financial Report
for the Half Year Ended
31 December 2021**

ABN 58 009 213 754

Constellation Technologies Limited

ABN 58 009 213 754

Interim Financial Report – 31 December 2021

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Corporate Directory

Directors

Mr Kartheek Munigoti
Executive Director and Chief Executive Officer

Mr Leath Nicholson
Independent Non-Executive Chairman

Mr Anoosh Manzoori
Independent Non-Executive Director

Company Secretary

Ms Terri Bakos

Principal registered office and principal place of business

Level 7, 420 Collins Street
Melbourne VIC 3000
Australia
Telephone: +61 (0)3 8592 4883

Share register

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6909
Australia
Telephone: +61 (0)8 9389 8033
Facsimile: +61 (0)8 9262 3723

Auditor

PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000 Australia
Telephone: +61 (0)7 3839 9733
Facsimile: +61 (0)7 3832 1407

Solicitors

Nicholson Ryan Lawyers Pty Ltd
Level 7, 420 Collins Street
Melbourne VIC 3000 Australia
Telephone: +61 (0)3 9640 0400

Bankers

Westpac Banking Corporation
150 Collins Street
Melbourne VIC 3000 Australia

Stock exchange listings

Constellation Technologies Limited shares are listed on the Australian Securities Exchange (ASX: CT1)

Website

<https://www.ct1limited.com>

Directors Report

Your directors submit the consolidated interim financial statements of Constellation Technologies Limited (“CT1” or the “Company”) and its controlled entities (the “Group”) for the half year ended 31 December 2021. To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors and Company Secretary

The names and particulars of the Directors and Company Secretary of the Company in office at any time during or since the end of the period are as follows:

Mr Adam Gallagher, Executive Director and Chief Executive Officer – resigned 5 July 2021
Mr Kartheek Munigoti, Executive Director and Chief Executive Officer – appointed 5 July 2021
Mr Leath Nicholson, Independent Non-Executive Chairman
Mr Anoosh Manzoori, Independent Non-Executive Director

Ms Terri Bakos, Chief Financial Officer and Company Secretary

Review and Results of Operations

Operations

MCT Platform

During the past 12 months, the Company has moved its focus from the research and development of its core MeridianCT Platform (MCT) to the sale of MCT and its other suites of products and services.

This has seen the downsize of its workforce in Australia and India that primarily focused on the development of MCT and its development rollout in Australia and China.

MCT has now been implemented over several commercial and trial projects in a variety of environments. MCT is currently being used to monitor a range of environments, including:

- the real-time environmental impact on wetlands via the collation of live video feeds, weather, temperature, humidity, and chemical analysis data. The MCT also ingests data from a centralised Supervisory Control and Data Acquisition (SCADA) system which connects with multiple Programmable Logic Controllers (PLC's) at the wetlands. This data is allowing the users to make informed real-time decisions to mitigate the impact of adverse environmental events and vegetation health as they occur rather than reacting to environmental damage post event occurrence.
- the treatment of water through infrastructure facilities. 3D imagery of the water treatment facilities incorporated into MCT is assisting users to visualise plant layout, monitor real-time video feed and analyse data from various sensors streamlining the overall control of the facilities. A trial SCADA project is also underway to incorporate command execution into MCT to allow users to remotely control the operations.

Directors Report continued...

- disaster management. MCT is being used to monitor flood levels over multiple locations in potential disaster zones during wet seasons. Real-time camera monitoring and integration with onsite signage systems allows for fast decision making to reduce public exposure to flooded roads, infrastructure damage and environmental impact.
- the structural integrity of bridges. These projects consist of strain gauges, accelerometers, pressure transducers, and other analogue sensors capturing data at hundreds of hertz, utilizing Scientific dataloggers and bespoke edge compute devices. Data is then pushed across to the MCT for ingestion, interpretation, analysis, alerting and reporting purposes.
- utility metering data platform. MCT is working on a trial with a telecommunication partner to provide digital meter solution for councils which includes device registration, location management, data ingestion, alert management, GIS integration and reporting.

As previously announced, the Company has signed a Master Services Agreement with Fujitsu Australia for the provision of its full suite of services including software & hardware development. The Company will contract directly with Fujitsu's customers for the licensing of MCT and SaaS services. Due to lengthy Government imposed COVID-19 lock-downs across Australia in the first half of FY22, no further definitive agreements have been signed with Fujitsu Australia or any of its customers to date. However, the CT1 and Fujitsu sales teams have instigated several retail-based trials across Australia which the Company believes will come to fruition in the next 12 months.

CT IoT SaaS Platform

In recent months, CT1 has signed new 2 year contracts to support temperature and humidity monitoring in the meat processing, hospitality and health sectors.

Barwon Health and Monash BDI have renewed their monitoring agreements for a further 2 years. CT1 continues to support COVID vaccine monitoring in health sector facilities.

Trials are currently underway to provide energy monitoring solutions for retail outlets. The trialed solution monitors key parameters such as 3 phase power, voltage, current, L: N, solar import/export and other parameters across various sections of the store.

The trials aim to provide overall energy efficiency, consumption and reduce greenhouse emission.

Despite the lengthy COVID-19 lock-downs in the first half of FY22, the Company remains confident in its sales pipeline and believes it will be able to announce the signing of new Australian based sales contracts during the 2nd half of FY22.

Directors Report continued...

China

Trading conditions in China have been difficult over the past 12 months. Several large sales contracts in the local sales pipeline have not come to fruition due to the current global economic climate and changes in the Chinese regulatory/political landscape.

With these current conditions in mind, the board has made the decision to place its Chinese entity for sale and focus its efforts and resources in other markets where sales opportunities exist.

The financial statements at 31 December 2021, including notes and statement of financial performance for the prior period, have been prepared reflecting this decision.

Financial results

Group revenue from continuing operations for the period has increased 46.15% over the prior period to \$361,634 (2020: \$247,444). The Group loss from continuing operations has improved by 32.63% over the prior period at \$897,963 (2020: \$1,332,970). The improvement is attributed to the winding back of R&D activity associated with the Company's MeridianCT Platform Project and the decision to place the Company's Chinese entity for sale.

The Group had net assets of \$1,045,743 as at 31 December 2021 (June 2021: \$3,011,651). As at 31 December 2021, the Group holds cash reserves of \$983,459 with its continuing operations and a further \$219,845 with its China entity that is currently classified as held for sale (June 2021: \$2,597,731).

Significant changes in the state of affairs

Other than the matters outlined above regarding China operations, there have been no other significant changes in the state of affairs of the Group during the period.

Subsequent Events

Subsequent to reporting date, the Company made the decision to place its China entity for sale as disclosed in note 7 to the financial statements and elsewhere in this report. The Company has deemed this event an adjusting subsequent event under AASB 110 *Events After the Reporting Period*.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has occurred subsequent to the reporting that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Directors Report continued...

Likely developments and expected results of operations

There is no information or likely developments in the operations of the Group and the expected results of operations that have not been included in this interim financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

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.

Signed in accordance with a resolution of the Board of Directors.



Mr Kartheek Munigoti

Executive Director and Chief Executive Officer

Melbourne

25 February 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CONSTELLATION TECHNOLOGIES LTD**

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

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

This declaration is in respect of Constellation Technologies Ltd and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

25 FEBRUARY 2022
BRISBANE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
<i>Revenue from continuing operations</i>			
Revenue from contract with customers	2a	361,634	247,444
Cost of sales		(232,884)	(184,567)
Gross profit/(loss)		128,750	62,877
<i>Other gains/(losses) - net</i>			
Other gains/(losses) - net	3a	140,326	80,991
Distribution costs		(1,198)	(4,653)
General and administrative expenses	3b	(1,000,997)	(1,299,907)
Research and development expenses		(148,611)	(152,002)
Selling and marketing expenses		(16,237)	(20,908)
Operating loss		(897,967)	(1,333,602)
Finance income		6	631
Finance expense		-	-
Finance costs - net		6	631
Loss before income tax		(897,961)	(1,332,971)
Income tax expense		-	-
Loss from continuing operations		(897,961)	(1,332,971)
Loss from discontinued operations	7	(1,144,022)	(192,225)
Loss for the period		(2,041,983)	(1,525,196)
Net loss attributable to equity holders of the company		(2,041,983)	(1,525,196)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		26,575	34,004
Total comprehensive loss for the period, net of tax		(2,015,408)	(1,491,192)
Total comprehensive loss attributable to equity holders of the company		(2,015,408)	(1,491,192)

		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic/diluted earnings per share	11	(0.14)	(0.16)
Loss per share – continuing operations:			
Basic/diluted earnings per share	11	(0.06)	(0.14)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents	4	983,459	2,597,731
Trade and other receivables	4b	69,542	714,787
Inventory		58,383	71,953
Net assets classified as held for sale	7	13,142	-
Other	5a	70,583	547,821
Total current assets		1,195,109	3,932,292
Non-current assets			
Trade and other receivables	4b	-	36,382
Property, plant and equipment		21,218	131,953
Total non-current assets		21,218	168,335
Total assets		1,216,327	4,100,627
Liabilities			
Current liabilities			
Trade and other payables	4c	92,733	615,525
Borrowings		-	14,949
Provisions		77,851	123,481
Contract liabilities	2b	-	335,021
Total current liabilities		170,584	1,088,976
Total liabilities		170,584	1,088,976
Net assets		1,045,743	3,011,651
Equity			
Share capital	6a	18,283,350	18,196,600
Reserves	6b	751,995	762,670
Accumulated losses		(17,989,602)	(15,947,619)
Total equity		1,045,743	3,011,651

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2021

	Notes	Share Capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
At 1 July 2020		16,390,763	845,977	(12,809,798)	4,426,942
Loss for the period		-	-	(1,525,196)	(1,525,196)
Other comprehensive income		-	34,004	-	34,004
Total comprehensive loss for the period		-	34,004	(1,525,196)	(1,491,192)
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		260,386	-	-	260,386
Share based payments		-	47,000	-	47,000
		260,386	47,000	-	307,386
Balance at 31 December 2020		16,651,149	926,981	(14,334,994)	3,243,136
At 1 July 2021		18,196,600	762,670	(15,947,619)	3,011,651
Loss for the period		-	-	(2,041,983)	(2,041,983)
Other comprehensive income		-	26,575	-	26,575
Total comprehensive loss for the period		-	26,575	(12,041,983)	(2,015,408)
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		86,750	(37,250)	-	49,500
		86,750	(37,250)	-	49,500
Balance at 31 December 2021		18,283,350	751,995	(17,989,602)	1,045,743

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows related to operating activities			
Receipts from customers		518,240	687,500
Payments to suppliers and employees		(2,089,723)	(2,233,294)
Interest paid		(146)	(917)
Other income receipts		143,975	58,812
Net cash used in operating activities		(1,427,654)	(1,487,500)
Cash flows relating to investing activities			
Payment for purchases of plant and equipment		-	(95,116)
Disposal of plant and equipment		1,386	-
Interest received		202	1,459
Payments for deposits		-	(402,624)
Net cash provided by/(used in) investing activities		1,588	(496,281)
Cash flows relating to financing cash flows			
Proceeds from the issuance of shares		-	226,386
Funds receivable pending issue of equity		-	1,436,293
Repayment of lease liabilities		(15,418)	(20,818)
Net cash used in financing activities		(15,418)	(1,641,861)
Net (decrease)/increase in cash and cash equivalents		(1,441,484)	(341,920)
Cash and cash equivalents at the beginning of the period		2,597,731	4,405,173
Foreign exchange movement		47,157	40,776
Cash and cash equivalents at the end of the period	4a	1,203,404	4,104,029

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Statements

For the year ended 31 December 2021

1. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board and the Chief Executive Officer of Constellation Technologies Limited. The Group has identified one reportable segment; that is, the sale and commercialisation of the IoT Solution. The segment details are therefore fully reflected in the body of the financial statements.

2. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following categories:

Half Year to 31 Dec 2021	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
Timing of revenue recognition					
At a point in time	-	-	23,925	116,678	140,603
Over time	34,083	186,948	-	-	221,031
	34,083	186,948	23,925	116,678	361,634

Half Year to 31 Dec 2020	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
Timing of revenue recognition					
At a point in time	-	-	4,520	138,495	143,015
Over time	7,550	96,879	-	-	104,429
	7,550	96,879	4,520	138,495	247,444

Notes to the Consolidated Statements continued ...

b) Liabilities related to contracts with customers

	31 Dec 2021	30 Jun 2021
	\$	\$
Other gains/(losses)		
Contract liabilities – deferred revenue on consulting contracts	-	335,021
	-	335,021

3. Expense items

a) Other gains/(losses)

	31 Dec 2021	31 Dec 2020
	\$	\$
Government COVID-19 cash incentives	-	55,595
Other non-operating income	-	3,217
R&D tax incentives	143,834	-
Net foreign exchange (losses)	(3,508)	884
Gain on deconsolidation of dormant entities	-	21,295
	140,326	80,991

b) Breakdown of expenses by nature

	Notes	31 Dec 2021	31 Dec 2020
		\$	\$
General and administrative expenses:			
Accounting and audit		15,010	8,513
Bad debts and expected credit losses		-	6,702
Computer costs		194	32,698
Consulting costs		-	54,000
Depreciation		4,263	4,030
Employee benefits		692,091	801,707
Insurance		44,249	29,382
Legal		26,335	38,311
Listing and share registry		51,330	51,489
Occupancy		16,529	21,637
Share-based payments		64,500	72,514
Superannuation		41,542	52,276
Travel and entertainment		6,363	8,016
Other		38,591	118,632
		1,000,997	1,299,907

Notes to the Consolidated Statements continued ...

4. Financial assets and financial liabilities

a) Cash and cash equivalents

	Notes	31 Dec 2021 \$	30 Jun 2021 \$
Current assets			
Cash at bank and on hand		983,459	2,597,731
Cash and cash equivalents for the purposes of the statement of cashflows is summarised below:			
Cash at bank and on hand		983,459	2,597,731
Cash at bank and on hand – classified assets held for sale	7	219,945	-
Cash and cash equivalents held at the end of the period		1,203,404	2,597,731

b) Trade and other receivables

Notes	31 December 2021			30 June 2021		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Trade receivables	51,549	-	51,549	466,625	36,382	503,007
Provision for impairment	(11,514)	-	(11,514)	(11,514)	-	(11,514)
	40,035	-	40,035	455,111	36,382	491,493
Other receivables	29,507	-	29,507	259,676	-	259,676
Total trade and other receivables	69,542	-	69,542	714,787	36,382	751,169

c) Trade and other payables

Notes	31 December 2021			30 June 2021		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Trade payables	25,713	-	25,713	268,899	-	268,899
Accrued expenses	52,997	-	52,997	233,859	-	233,859
Other payables	14,023	-	14,023	112,767	-	112,767
Total trade and other payables	92,733	-	92,733	615,525	-	615,525

Notes to the Consolidated Statements continued ...

5. Non-financial assets and liabilities

a) Other current assets

	Notes	31 December 2021			30 June 2021		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Prepayments		6,029	-	6,029	20,594	-	20,594
Consumables		46,085	-	46,085	78,263	-	78,263
Deposits		-	-	-	413,155	-	413,155
Security deposits		18,469	-	18,469	35,809	-	35,809
		70,583	-	70,583	547,821	-	547,821

6. Equity

a) Contributed Equity

	31 Dec 2021		30 June 2021	
	No.	\$	No.	\$
Ordinary shares - fully paid	1,471,200,370	18,283,350	1,467,577,250	18,196,600

Movement in ordinary shares

	Note	No. of shares	\$
Balance at 30 June 2021		1,467,577,250	18,196,600
Issue of securities at \$0.020 each - ESOP		975,000	19,500
Issue of securities at \$0.022 each - ESOP		1,363,636	30,000
Conversion of Performance Rights - ESOP		1,284,484	37,250
Balance at 31 December 2021		1,471,200,370	18,283,350

Notes to the Consolidated Statements continued ...

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 6b)ii below.

b) Reserves

The following table shows a breakdown of the consolidated balance sheet line item 'reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Share-based payments \$	Foreign currency translation \$	Total \$
Balance at 1 July 2020	954,493	(108,516)	845,977
Currency translation differences	-	34,004	34,004
Other comprehensive income for the half year	-	34,004	34,004
Transactions with owners in their capacity as owners			
Share-based payment expenses	47,000	-	47,000
At 31 December 2020	1,001,493	(74,512)	926,981

Notes to the Consolidated Statements continued ...

	Share-based payments \$	Foreign currency translation \$	Total \$
Balance at 1 July 2021	867,743	(105,073)	762,670
Currency translation differences	-	26,575	26,575
Other comprehensive income for the half year	-	26,575	26,575
Transactions with owners in their capacity as owners			
Performance rights converted to shares	(37,250)	-	(37,250)
At 31 December 2021	830,493	(78,498)	751,995

i) Nature and purpose of reserves

Foreign currency translation

Exchange differences arising on translation of the foreign controlled subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and rights issued to Key Management Personnel, other employees and eligible contractors.

ii) Options and Rights on Issue

	31 Dec 2021 No.	31 Dec 2021 \$	30 June 2021 No.	30 June 2021 \$
Options and rights	395,821,417	830,493	397,105,901	867,743

Notes to the Consolidated Statements continued ...

Movement in options and rights

	Note	Number of options	\$
Balance at 30 June 2021		397,105,901	867,743
Conversion of rights - ESOP	a	(1,284,484)	(37,250)
Balance at 31 December 2021		395,821,417	830,493

a) Vesting of employee performance rights on 01/07/21

7. Discontinued operations and assets & liabilities held for sale

Due to challenging global economic conditions and the changing political/regulatory climate in China, the Company has made the decision to hold its wholly owned subsidiary, Beijing Constellation Technologies Development Co., Ltd for sale. The Company will actively pursue the sale of the entity which is expected to complete by December 2022.

a) Assets and liabilities held for sale

As at 31 December 2021, the entity held the following assets and liabilities:

	31 Dec 2021
	\$
Assets	
Cash at bank	219,945
Trade and other receivables	17,321
Contract assets	3,634
Other assets	5,158
Property, plant & equipment	81,171
Liabilities	
Trade & other payables	(314,087)
Net Assets held for sale	13,142

Notes to the Consolidated Statements continued ...

b) Statement of Comprehensive Income

The entity recognized the following loss for the period ending 31 December 2021. For comparative purposes, the Company is disclosing the prior period loss for this entity.

	31 Dec 2021	31 Dec 2020
	\$	\$
Revenue	125,164	533,062
Expenses	(1,269,186)	(725,287)
Loss from discontinued operations	(1,144,022)	(192,225)
Income tax expense		
Loss from discontinued operations	(1,144,022)	(192,225)
Loss per share - discontinued operations	(0.08)	(0.02)

The expenses disclosed above do not include any expenses incurred by other subsidiaries of the Group in providing management, technical or software development services specific to Chinese projects undertaken by the China entity.

c) Statement of Cashflows

	31 Dec 2021	31 Dec 2020
	\$	\$
Net operating outflows	(364,393)	(625,093)
Net investing inflows	1,896	(90,167)
Net financing outflows	(15,564)	378,265
Net cash outflows	(378,061)	(336,995)

Notes to the Consolidated Statements continued ...

8. Contingent liabilities

The Group had no contingent liabilities at 31 December 2021 (31 December 2020: nil).

9. Events occurring after the reporting period

Subsequent to reporting date, the Company made the decision to place its China entity for sale as disclosed in note 7 to the financial statements and elsewhere in this report. The Company has deemed this event an adjusting subsequent event under AASB 110 *Events After the Reporting Period*.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has occurred subsequent to the reporting that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

10. Related party transactions

	31 Dec 2021	31 Dec 2020
	\$	\$
Office rent and outgoings paid on an arms's length commercial basis to FNJ Properties Pty Ltd, a company associated with director, Leath Nicholson in respect of the Company's Melbourne Offices.	9,000	6,000
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with director Leath Nicholson. Payment received in cash and equity.	26,334	23,364

Notes to the Consolidated Statements continued ...

11. Loss per Share

(a) Reconciliation of loss used in calculating loss per share

	31 Dec 2021	31 Dec 2020
	\$	\$
Loss attributable to equity holders of the Group used in calculating loss per share:		
- From continuing operations	(897,961)	(1,332,971)
- From discontinuing operations	(1,144,022)	(192,225)
	(2,041,983)	(1,525,196)

(b) Weighted average number of shares used as the denominator

	31 Dec 2021	31 Dec 2020
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,469,206,700	975,109,230

There are 395,821,417 share options & rights on issue not included in diluted earnings per share as these would have an anti-dilutive effect on earnings per share. These potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share. If these shares options & rights were included in the calculation of diluted earnings per share, the weighted average number of shares used in the denominator would be 1,865,090,945.

12. Transactions with Significant Parties

During the 6 months to 31 December 2021, 100% of the revenue derived by the Company's wholly owned China subsidiary (reclassified as discontinued operations) was attributed to contracts with Beijing North China Zhongqing Environmental Engineering Technology Co., Ltd (BHZQ).

Mr Xianiou Bao, the General Manager and Legal Representative of the Company's China entity, was until recently, an employee of BHZQ. Mr Bao is a shareholder of Constellation Technologies Limited.

Mr Zhigang Zhang, a shareholder of Constellation Technologies Limited, holds a current employment position with BHZQ.

Notes to the Consolidated Statements continued ...

13. Significant accounting policies

Basis of preparation of the half year financial report and changes to the Group's accounting policies

Basis of preparation

- a) These general purpose interim financial statements for half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Constellation Technologies Limited and its controlled entities (referred to as "the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year.

The financial statements have been prepared on the basis of historical costs. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

These interim financial statements were authorised for issue on the same date as the Directors' declaration.

b) Going concern

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

As disclosed in the interim financial statements, the Group is in a net asset position of \$1,045,743 (30 June 2021: \$3,011,651), net current asset position of \$1,024,525 (30 June 2021: \$2,843,316) and has net operating cash outflows of \$1,427,654 (31 December 2020: net outflows of \$1,487,500). The Group generated a loss after tax for the half year of \$897,961 from continuing operations (31 December 2021: \$1,332,971). The group's cash position decreased to \$983,459 at 31 December 2021 (30 June 2021: \$2,597,731), reflecting cash expenditure for group for the period and reclassification of the assets of the China subsidiary now classified as held for sale. The China assets include cash of \$219,945.

Notes to the Consolidated Statements continued ...

Notwithstanding the historical losses to date the directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Significant progress has been made in realising the Group's intellectual property, which is reflected in the increase in revenue from continuing operations compared to the prior period;
- The Company is seeking a buyer for its China entity & its assets. Historically, the entity has made losses for the Group;
- Recent history in raising capital. The Group successfully raised over \$7.3m from investors in the prior two years. There is still in excess of 390m of options outstanding that could potentially raise up to \$5.8m from shareholders; and
- The Group continues to apply different measures to control its expenditure to preserve cash and working capital. It has the ability to negotiate payment in equity in lieu of cash with its consultants and suppliers, which also improves the Group's cash coverage.

c) New and amended standards adopted by the group

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets (and liabilities) of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

Director's Declaration

In accordance with a resolution of the Directors of Constellation Technologies Limited, the Directors of the Company declare that:

- a. the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards and *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the consolidated entities financial position as at 31 December 2021 and of its performance for the half year ended on that date.
- b. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Mr Kartheek Munigoti

Executive Director and Chief Executive Officer

25 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONSTELLATION TECHNOLOGIES LTD

Conclusion

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

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

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity's in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

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

Responsibility of the Directors for the Financial Report

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

PKF Brisbane Audit ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane, QLD 4000 | GPO Box 1568, Brisbane, QLD 4001 | T: +61 7 3839 9733

Brisbane | Rockhampton www.pkf.com.au

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

25 FEBRUARY 2022
BRISBANE