

Rule 4.2A

Appendix 4D

Half-year Report for the period ended 31 December 2017

Name of entity

SERPENTINE TECHNOLOGIES LTD

ABN

Reporting Period

Previous
Corresponding Period

28 158 307 549

Half year ended
31 December 2017

Half year ended
31 December 2016

Results for Announcement to the Market

Financial Results				\$A
Revenues from ordinary activities (<i>item 2.1</i>)	up	100%	to	1,243
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	82%	to	533,469
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Down	81%	to	527,389
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			

Brief explanation of any of the figures reported above (*item 2.6*):
Refer attached Interim Financial Report.

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.055 cents	1.10 cents

Details of entities over which control has been gained or lost (*item 4*)

- The company disposed of its 100% interest in Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited during the half year.

Details of dividends or distribution payments (*item 5*)

- No dividends or distributions are payable.

Details of dividend or distribution reinvestment plans (*item 6*)

- There is no dividend reinvestment program in operation for Panorama Synergy Limited

Details of associates and joint venture entities (*item 7*)

- Serpentine Technologies Ltd does not have any investments in associate entities or joint venture interests.

Foreign entities to disclose which accounting standards are used in compiling the report (*item 8*)
- International Accounting Standards

Details of any audit dispute or qualification (*item 9*)

-The half year report is based on accounts which have been subject to an independent review. The opinion includes a qualified conclusion, arising as the auditor has been unable to obtain sufficient appropriate audit evidence related to the results of KT India for the period from 1 July 2017 to 18 October 2017 (a net loss of \$56,496) and the net liabilities of KT India at the date of sale to PTF on 18 October 2017 of \$51,186.

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the Company.

Sign here:



Date: 1 March 2018

Print name:

Brett Tucker
Company Secretary



SERPENTINE TECHNOLOGIES LTD

AND CONTROLLED ENTITIES

ABN 28 158 307 549

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017

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CORPORATE DIRECTORY

Directors

Mr. Stuart Carmichael – Non-Executive Chairman
 Mr. Michael Edwards – Non-Executive Director
 (appointed 3rd November 2017)
 Mr. Colm O'Brien - Non-Executive Director
 Mr. Ajai Sehgal - Non-Executive Director (resigned
 24th October 2017)
 Mr. Nathan Sellyn - Non-Executive Director
 (resigned 3rd November 2017)

Joint Company Secretaries

Mr. Brett Tucker (Appointed 5th Jan 2017)
 Mr. Chris Huish (Appointed 23 Feb 2018)

Registered Office

Ground Floor, 16 Ord Street,
 West Perth, Western Australia,
 6005 Australia

Share Registry

Security Transfer Registrars
 770 Canning Highway
 Applecross WA 6153

Auditors

Stantons International Audit & Consulting Pty Ltd
 Level 2, 1 Walker Avenue
 West Perth WA 6005

Solicitors

Jackson McDonald Solicitors
 Level 17, 225 St. Georges Terrace,
 Perth, WA 6000
 Australia

Stock Exchange

Australian Securities Exchange
 (Home Exchange: Perth, Western Australia)
 ASX Code: **S3R** (Previously: **KBU**)

Serpentine Technologies Ltd

Directors' Report at 31 December 2017

The Directors present their report for Serpentine Technologies Ltd. (formerly Kabuni Ltd.)("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2017.

Directors

The persons who were directors of Serpentine Technologies Ltd. (formerly Kabuni Ltd.) at any time during the half-year are:

Mr. Stuart Carmichael – Non-Executive Chairman (Appointed 30th June 2017)

Mr. Michael Edwards – Non-Executive Director (Appointed 3rd November 2017)

Mr. Colm O'Brien - Non-Executive Director

Mr. Ajai Sehgal - Non-Executive Director (resigned 24th October 2017)

Mr. Nathan Sellyn - Non-Executive Director (resigned 3rd November 2017)

Review of Operations for the half-year ended 31 December 2017

Highlights

October 2017

- On October 16, 2017, the shareholders approved the PTF transaction (see below for details of the transaction) at a meeting of shareholders, and completion of the transaction occurred on October 17, 2017. At completion, PTF issued a further convertible promissory note to the Company in the amount of approximately A\$3.7 million in consideration of the purchase.
- On October 31, 2017, the Company carried out a selective capital reduction that was approved at General Meeting held on October 16, 2017. The process resulted in reduction of Neil Patel's (former CEO and current CEO of PTF) voting and performance shares to nil.

November 2017

- On 17 November 2017 the Company announced that it was undertaking an entitlement offer to eligible shareholders to raise up to \$574,422 from the issue of up to 287,211,488 New Shares at \$0.002 per share, together with 2 Free Attaching Options for every 5 New Shares issued, for a total of 114,884,595 options, each exercisable at \$0.004 by 30 April 2021.
- On October 24, 2017 the Company advised of the resignation of Director Ajai Sehgal, to pursue other business interests.
- On November 3, 2017, the Company advised of the resignation of Director Nathan Sellyn, to pursue other business interests. Further, the Company advised that Mr Michael Edwards had been appointed as Non-Executive Director to replace Mr Sellyn effective on that date.
- On November 30, 2017, the company changed its name and ASX code following approval at AGM. The change of the Company's name follow's the sale of Kabuni Technologies Inc. and Kabuni Technologies India (Private) Limited by Print the Future Inc. as previously announced to the ASX. The new company name and ASX code are "Serpentine Technologies Ltd" and "S3R".

December 2017

- On 11 December 2017 the Company announced that it had received valid applications under the entitlements offer for a total of \$384,985.84 and issued 192,492,918 New Shares and 76,997,164 Free Attaching Options. The shortfall available under the entitlements offer was available to the Company to allocate within 3 months of the closing date of the entitlements offer.
- On 13 December 2017 the Company issued 31,679,375 shares on conversion and full satisfaction of 50,687 convertible notes with a face value of \$50,687. Convertible notes converted automatically upon the completion of the entitlements issue.
- Further on 13 December 2017 the Company issued 13,525,493 shares on conversion of performance shares, comprising 3,881,372 Class A performance shares, 3,881,375 Class B performance shares, 2,881,373 Class C performance shares and 2,881,373 Class D performance shares.
- On 19 December the Company issued 24,974,950 New Shares and 9,989,980 Free Attaching Options under the shortfall offer to sophisticated investors.
- On 22 December 2017, the Company announced the establishment of a share facility for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) of the Company's shares. Of the Company's approx. 696 shareholders, 274 holds less than Marketable Parcels.

Serpentine Technologies Ltd

Directors' Report at 31 December 2017

Description of Business

Serpentine Technologies Ltd (formerly Kabuni Ltd) holds the 'Design Campus' business, which is a database of professional designers and an online education platform. The company is currently assessing development options for its Design Campus platform as well as actively seeking acquisition opportunities across all sectors, including technology, that will add value for shareholders.

The Company continues to monitor PTF's capital raising activities closely as well as reserving all available options to recover funds owing. The Company notes that PTF is positioning itself as a blockchain enabled 3D print platform and its "proof of print token" is currently in development.

The Company's registered office is at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005, Australia.

Serpentine Technologies Ltd shares trade on the Australian Securities Exchange (the "ASX") under the trading ticker "S3R".

Transaction with Print the Future, Inc. ("PTF")

Print The Future, Inc. entered into a Share Purchase Agreement ("SPA") with Serpentine Technologies Ltd on 1 May 2017 to acquire all of the issued capital of Kabuni Technologies, Inc. ("KTI", Kabuni Technologies (India) Private Limited ("KT India") and Kabuni USA Inc.

On 21 June 2017 the Company announced that it had revised terms under the SPA with PTF, agreed within an Amended Share Purchase Agreement ("Amended SPA"). Under the Amended SPA, Kabuni USA was excluded from the sale to PTF, which owns the Design Campus business. The SPA was further amended on 30 June 2017, with final terms summarised as:

PTF agreed to acquire from the Company all of the issued and outstanding shares of capital stock of the Sale Corporations (the "Shares"), for a purchase price of Australian Dollars ("AUD") \$4,500,000 (the "Purchase Price");

In part payment of the Purchase Price, PTF delivered to the Company a convertible promissory note, in a principal amount that shall equal the total amounts outstanding under the Temporary Services Agreement dated as of 3 April 2017 between PTF and KTI (the "TSA"), including accrued interest, as at 30 June 2017 (the "TSA Note"). The TSA Note will not accrue interest before default. After default, it will bear interest of 22% per annum (as per existing note terms).

The TSA Note was to be repaid as follows: (a) \$150,000 on 15 July 2017 (b) \$175,000 on 15 August 2017, and (c) the balance and all accrued and unpaid interest on 15 September 2017. 100% of any capital raised by PTF must be applied to the fixed repayments on the dates set forth above. In addition, 50% of any capital raised by PTF in excess of \$750,000 must be applied to the repayment of the TSA Note within 3 business days of being received. The note will be convertible and secured on the same terms as the Purchase Note (see below).

On October 18, 2017, the transaction with PTF completed and the Company received an additional convertible promissory note from PTF with a principal amount of \$3,728,041.24 (the "Note") which is secured by a guarantee and security agreements over the shares in and assets of KTI and KB India. This Note was repayable on 30 November 2017. As announced on 4 December 2017, PTF failed to repay the Note when due. Accordingly, the Company has provided PTF with formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

The board continues to monitor all options available to the Company to recover amounts owing from PTF.

Serpentine Technologies Ltd.

Directors' Report 31 December 2017

Share Capital

As of December 31, 2017, the Company had 581,796,612 issued and outstanding fully paid ordinary shares and 177,067,624 unissued shares under options.

The Company completed a Rights Issue and issued 192,492,918 shares at \$0.002 each on 13 December 2017 and 76,997,164 Free Attaching Options (each exercisable at \$0.004 and expiring on 30 April 2021) to raise gross proceeds of \$384,985.84. A total of 287,211,488 shares and 114,884,595 Free Attaching Options were available under the Rights Issue, and the Shortfall Securities were to be allocated at the discretion of the Company and the Lead Manager. Subsequently on 19 December 2017 the Company issued 24,974,950 shares and 9,989,980 Free Attaching Options under the Rights Issue Shortfall Offer on the same terms and conditions as the Rights Issue to raise a further \$49,949.90. The Shortfall Offer issues are subject to a cash fee of 6% of the funds raised and the Company paid a Rights Issue management fee of \$15,000.

Pursuant to the Amended and Restated Share Purchase Agreement with PTF (see Note 9), the Company cancelled 19,950,000 fully paid ordinary shares and 24,605,000 Performance Shares held by Mr Neil Patel on 16 October 2017.

On 16 October 2017 the Company arranged for the issue of 97,630,421 shares on conversion and full satisfaction of 234,313 convertible notes with a face value of \$234,313. Notes converted upon the election of note holders, with a deemed price of \$0.0024 per share, being a 20% discount to the 5-trading day VWAP before the day of election to convert convertible notes. On 13 December 2017 the Company arranged for the issue of 31,679,375 shares on conversion and full satisfaction of 50,687 convertible notes with a face value of \$50,687. Notes convert automatically upon the completion of the Rights Offer. The deemed conversion price was \$0.0016 per share, being a 20% discount to the Rights Offer per price share of \$0.002

On 13 December 2017 the Company arranged for the issue of 13,525,493 shares on conversion of 13,525,493 performance shares under the terms of the performance shares, comprising 3,881,372 Class A performance shares, 3,881,375 Class B performance shares, 2,881,373 Class C performance shares and 2,881,373 Class D performance shares.

Significant change in the Group's state of affairs

Other than as set out above, there has been no significant change in the Group's state of affairs or in the nature of the Group's principal activities during the half-year.

Events subsequent to Reporting Date

On 3 January 2018 the Company issued 40,000,000 unlisted options over shares to Alto Capital as consideration for corporate advisory services. Each option was exercisable at \$0.004 with an expiry date of 30 April 2021.

On 23 January 2018 the Company lodged a Shortfall Offer Prospectus to cleanse the shortfall securities available under the entitlements offer for secondary trading.

On 25 January 2018 the Company issued the remaining shortfall securities available under the entitlements offer of 69,743,618 New Shares and 27,897,447 Free Attaching Options.

The Company notice of exercise of options and issued the following tranches of shares on option exercises (on a one-for-one basis):

- 3 January 2018 – 2,520,000 shares;
- 4 January 2018 – 25,779,380 shares;
- 12 January 2018 – 11,061,415 shares;
- 29 January 2018 – 2,914,488 shares; and
- 1 February 2018 – 2,280,600 shares.

Other than as set out above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Company, the results of those operations or the Company's state of affairs.

Serpentine Technologies Ltd.

Directors' Report 31 December 2017

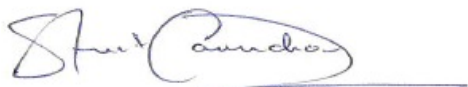
Forward Looking Information

Certain statements contained in this document constitute forward-looking information. These statements relate to future events or the Company's future performance. The use of any of the words "could", "expect", "predict", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. The Company's prospectus and other documents filed with securities regulatory authorities (accessible through the ASX website <http://www.asx.com.au/> and the SEDAR website www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. The Company disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Stuart Carmichael
Non-Executive Chairman

Perth, Western Australia,
1 March 2018

1 March 2018

Board of Directors
Serpentine Technologies Limited
Ground Floor, 16 Ord Street
WEST PERTH WA 6005

Dear Sirs

RE: SERPENTINE TECHNOLOGIES LIMITED

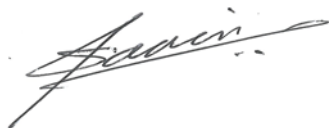
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kabuni Limited.

As Audit Director for the review of the financial statements of Serpentine Technologies Limited for the six-month period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Serpentine Technologies Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Note	31 Dec 2017 \$	Restated 31 Dec 2016 \$
<u>Continuing Operations</u>			
Revenue		1,243	-
Selling expenses		-	-
Gross Profit		1,243	-
Operating expenses			
Advertising and promotion		-	6,736
Depreciation of tangible assets	6	-	-
General and administration		21,354	8,296
Insurance		22,272	13,616
Professional and consulting services		260,919	107,893
Rent and Outgoings		4,130	6,343
Salaries, Director's fees, bonus and benefits		(36,394)	86,356
Software, Website and Platform costs		992	-
Travel expenses		-	57,209
Total operating expenses		273,273	286,449
Net (Loss) from continuing operations		(272,030)	(286,449)
Share-based payments	11	-	(123,790)
Finance Costs		(1,295)	(290)
Listing Fees		(44,096)	(51,635)
Unrealized exchange gain		-	3,686
Foreign Exchange loss/(gain)		(4,817)	-
Bad Debt Provision		(4,489,712)	-
Other Income – Loan forgiveness		103,815	-
Write back of impairment		93,158	-
Other income		566	2,502
Total (Loss) from continuing operations		(4,614,411)	(455,976)
<u>Discontinued Operations</u>			
Gain from discontinuing operations	9	4,080,942	(2,321,930)
Total (Loss) attributable to owners		(533,469)	(2,777,906)
Other comprehensive loss			
Exchange (loss) / gain on translation of foreign operations		6,080	(25,767)
Total (loss) and comprehensive (loss) for the year		(527,389)	(2,803,673)
Loss per share			
- basic and diluted (in cents)	15	(0.19)	(1.81)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should read in conjunction with the accompanying notes.

Serpentine Technologies Ltd.
Consolidated Statement of Financial Position
as at 31 December 2017

		31 Dec 2017	30 June 2017
	Note	\$	\$
Current assets			
Cash and cash equivalents	3	516,177	134,352
Trade and other receivables	4	18,089	4,902
Prepaid expenses and deposits	5	48,528	31,350
Assets held for sale	9	-	548,309
Total current assets		582,794	718,913
Non-current assets			
Tangible Assets	6	-	-
Total non-current assets		-	-
Total assets		582,794	718,913
Current liabilities			
Trade and other payables	7	261,435	149,033
Non-current liabilities related to assets held for sale	9	-	258,133
Total liabilities		261,435	407,166
Net assets		321,359	311,747
Equity			
Issued share capital	10	26,956,470	20,116,448
Reserves	11	3,079,122	4,295,916
Accumulated losses	12	(29,718,625)	(24,058,840)
Foreign currency translation reserve	11	4,392	(41,777)
Total equity		321,359	311,747

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

Serpentine Technologies Ltd.
Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2017

	Note	Issued Share Capital	Accumulated losses	Share-based Payments / Performance Share Reserve	Foreign exchange translation reserve	Total
		\$	\$	\$	\$	\$
Balance as at June 30, 2016		17,338,533	(18,954,453)	4,132,432	28,232	2,544,744
Balance at July 1, 2016		17,338,533	(18,954,453)	4,132,432	28,232	2,544,744
Issue of shares	10	3,000,625	-	-	-	3,000,625
Share issue costs	10	(222,710)	-	-	-	(222,710)
Issue of listed options	11(b)	-	-	15,000	-	15,000
Issue of share options	11(b)	-	-	148,484	-	148,484
Loss for the year	12	-	(5,104,387)	-	-	(5,104,387)
Cumulative translation adjustment		-	-	-	(70,009)	(70,009)
Balance as at June 30, 2017		20,116,448	(24,058,840)	4,295,916	(41,777)	311,747
Balance at July 1, 2017		20,116,448	(24,058,840)	4,295,916	(41,777)	311,747
Changes due to deconsolidation of subsidiaries						
- KTI Canada		4,701,854	13,690,202	335,755	42,900	18,770,711
- KTI India		-	297,786	-	(2,811)	294,975
- Other Adjustments		-	(19,170,401)	-	-	(19,170,401)
- Loss on deconsolidation		-	56,097	-	-	56,097
Issue of shares – rights issue	10	384,986	-	-	-	384,986
Issue of shares – shortfall allotment	10	49,950	-	-	-	49,950
Conversion of convertible notes		285,000	-	-	-	285,000
Share issue costs	10	(41,159)	-	-	-	(41,159)
Conversion of Performance shares	10/11	1,552,549	-	(1,552,549)	-	-
Cancellation of Performance shares	10	(93,158)	-	-	-	(93,158)
Profit/(Loss) for the period		-	(4,614,411)	-	-	(4,614,411)
Loss from discontinued operations	9	-	32,656	-	-	32,656
Profit from sale of subsidiary	9	-	4,048,286	-	-	4,048,286
Cumulative translation adjustment		-	-	-	6,080	6,080
Balance as at December 31, 2017		26,956,470	(29,718,625)	3,079,122	4,392	321,359

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

Serpentine Technologies Ltd.
Consolidated Statement of Cash Flows
for the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(341,797)	(2,519,757)
Receipts from sales and related debtors	1,243	10,936
Payments for advertising and marketing	-	(115,266)
Payments for research and development	-	(87,101)
Interest received	566	1,661
Net cash (used in) operating activities	(339,988)	(2,709,527)
Cash flows from investing activities		
Purchase of property and equipment	-	(58,356)
Net cash (used in) investing activities	-	(58,356)
Cash flows from financing activities		
Proceeds from convertible debt	250,000	-
Proceeds from issue of shares	434,937	3,000,625
Proceeds from listed options	-	15,000
Payments for share issue costs	(8,162)	(222,710)
Net cash provided by financing activities	676,775	2,792,915
Change in cash and cash equivalents during the period	336,787	25,032
Cash and cash equivalents, beginning of the period	134,352	1,958,734
Impact of exchange rate changes on cash and cash equivalents	45,038	(27,792)
Cash and cash equivalents, end of the period	516,177	1,955,974

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

1. Nature and continuance of operations

Serpentine Technologies Ltd. (formerly Kabuni Ltd.), ("the Company") was incorporated on 11 May 2012 under the *Corporation Act 2001* of Australia. Serpentine Technologies Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") under the symbol S3R (previously KBU).

Serpentine Technologies Ltd holds the 'Design Campus' business, which is a database of professional designers and an online education platform. The company is currently assessing development options for its Design Campus platform as well as actively seeking acquisition opportunities across all sectors, including technology, that will add value for shareholders.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. For the half-year ended 31 December 2017, the Company and its consolidated entities have a net working capital surplus of \$321,359 and accumulated deficit of \$29,718,625. The Company's ability to continue as a going concern is dependent upon its ability to recover the outstanding balances owing from PTF Inc in relation to the sale of subsidiaries as well as its ability to find additional business opportunities going forward.

No provision has been made in these consolidated financial statements for any adjustments to the net recoverable value of assets should the Company not be able to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

The Company's registered office is at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005 Australia.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated Interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, using the accounting policies consistent with International Financial Reporting Standards ("IFRS") and with requirements of the Corporations Act 2001 and Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These interim consolidated financial statements were authorized for issue by the Board of Directors on 1 March 2018.

(b) Basis of preparation

These condensed consolidated Interim financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period, and are presented in Australian dollars ("AUD").

These condensed consolidated Interim financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Group, which include information necessary or useful to understanding the Group's business and financial statement presentation. In particular, the Group's significant accounting policies were presented as Note 4 to the consolidated financial statements for the financial year ended 30 June 2017 and have been consistently applied in the preparation of these interim consolidated financial statements.

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

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

2. Basis of presentation (continued)

(c) Significant judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 further periods if the revision affects both current and future periods. The critical judgements and estimates applied in the preparation of the Group's condensed interim consolidated financial statements for the half-year ended 31 December 2017 are consistent with those applied and disclosed in note 3 to the Group's consolidated financial statement for the year ended 30 June 2017.

3. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.

	31 December 2017	30 June 2017
	\$	\$
Cash and Cash equivalents	516,177	134,352
	516,177	134,352

Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc. during the period with the transaction being finalised in Oct 2017.

At 30 June 2017 cash and cash equivalents of \$69,915 relating to these subsidiaries was excluded from Cash and cash equivalents and included in Assets held for sale (refer to Note 9).

4. Trade and other receivables

The summary of the Group's receivables is as follows:

	31 December 2017	30 June 2017
	\$	\$
Taxes receivable from government	18,089	4,902
Other receivable (Print the Future Inc.) – promissory notes and other	4,489,712	-
Provision for doubtful debts (Print the Future Inc.)	(4,489,712)	-
	18,089	4,902

Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc. during the period with the transaction being finalised in Oct 2017. Amounts recoverable from Print the Future in respect of the sale proceeds have been fully provided for at 31 December 2017.

At 30 June 2017 trade and other receivables of \$109,723 relating to these subsidiaries was excluded from Trade and other receivables and included in Assets held for sale (refer to Note 9).

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

5. Prepaid expenses

The summary of the Group's prepaid expenses and deposits are as follows:

	31 December 2017	30 June 2017
	\$	\$
Prepaid expenses	48,528	31,350
	48,528	31,350

At 31 December 2017, the prepaid expenses relate to insurance prepayments. Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc. during the period with the transaction being finalised in October 2017.

At 30 June 2017 prepaid expenses and deposits of \$95,890 relating to these subsidiaries was excluded from prepaid expenses and deposits and included in Assets held for sale (refer to Note 9).

6. Property and equipment

The summary of the Group's property and equipment is as follows:

Cost	Furniture and Equipment	Computer Equipment	PP&E Design Studio	Leasehold Improvements	Leased Assets – Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Costs						
Balance at 30 June 2016	150,504	153,651	204,304	341,014	-	849,473
Additions	32,348	-	-	-	28,367	60,715
Reclassification to Assets Held for Sale (Note 9)	(182,852)	(153,651)	(204,304)	(341,014)	(28,367)	(910,188)
Balance at 30 June 2017	-	-	-	-	-	-
Reclassification prior to sale	182,852	153,651	204,304	341,014	28,367	910,188
Derecognition on sale (Note 9)	(182,852)	(153,651)	(204,304)	(341,014)	(28,367)	(910,188)
Balance at 31 December 2017	-	-	-	-	-	-
Accumulated depreciation						
Balance at 30 June 2016	17,193	22,811	-	-	-	40,004
Depreciation expense	35,337	52,112	54,431	170,960	4,744	317,584
Reclassification to Assets Held for Sale (Note 9)	(52,530)	(74,923)	(54,431)	(170,960)	(4,744)	(357,588)
Balance at 30 June 2017	-	-	-	-	-	-
Reclassification prior to sale	52,530	74,923	54,431	170,960	4,744	357,588
Depreciation expense	11,487	17,012	-	-	2,116	30,615
Derecognition on sale (Note 9)	(64,017)	(91,935)	(54,431)	(170,960)	(6,860)	(388,203)
Balance at 31 December 2017	-	-	-	-	-	-
Impairments						
Balance at 30 June 2016	-	-	-	-	-	-
Provision for Impairment	-	-	109,765	170,054	-	279,819
Reclassification to Assets Held for Sale (Note 9)	-	-	(109,765)	(170,054)	-	(279,819)
Balance at 30 June 2017 and 31 December 2017	-	-	-	-	-	-
Carrying amount						
Balance at 30 June 2016	133,311	130,840	204,304	341,014	-	809,469
Balance at 30 June 2017	-	-	-	-	-	-
Balance at 31 December 2017	-	-	-	-	-	-

Serpentine Technologies Ltd.

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6. Property and equipment (continued)

Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc during the period with the transaction being finalised in October 2017.

At 30 June 2017 Property and Equipment with a net book value of \$272,781 relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, Limited which are expected to be disposed of post year end, have been excluded from the above and reclassified as held for sale (refer to Note 9).

7. Trade and other payables

	31 December 2017	30 June 2017
	\$	\$
Trade payables	123,706	29,181
Accruals	137,729	119,852
	261,435	149,033

Trade payables are non-interest bearing and are normally settled on a 30-day basis. Other payables are non-interest bearing and have an average term of 30 days. All amounts are expected to be settled within twelve months.

Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc during the period with the transaction being finalised in October 2017.

At 30 June 2017 Trade and other payables of \$160,045 relating to these subsidiaries was excluded from Trade and other payables and included in Assets held for sale (refer to Note 9).

8. Loans payable

	31 December 2017	30 June 2017
	\$	\$
Short term related party loan	-	-

The Company had received a series of short-term loans from a company owned by a now former director and officer of the Company. These loans accrued interest at 8% per annum, compounded annually. As at 30 June 2017, the Company had loans outstanding, including accrued interest of \$82,466 (CAD\$82,179) (30 June 2016 - \$84,983 (CAD\$82,179)). The loan was originally due on 30 June 2014, but subsequently was extended to 30 June 2015. The Company had provided a general security agreement over its assets to the lender.

On 30 June 2015, the Company entered into an amending agreement whereas the loan was extended an additional year and will mature on 30 June 2016. As per the agreement, the loan will no longer bear interest and the lender has released and discharged of all security that was previously held over the Company's assets.

During the prior year the Company entered into an additional amending agreement whereas the loan was extended a further additional year to 30 June 2017. In the current period, the loan was further extended to 30 September 2017 and the amount due has been offset against TSA liabilities owing to the company from Print the Future Inc. Therefore, at 31 December 2017 these loans have been fully redeemed against the promissory notes due from PTF Inc.

At 30 June 2017 the amount of \$82,446, which was held by Kabuni Technologies Inc. has been excluded from the above and reclassified as held for sale (refer to Note 9).

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

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9. Discontinued Operations and Sale of Subsidiaries

Financial information relating to Kabuni Technologies Inc. (Canada) (KTI) and Kabuni Technologies Private (India) Limited (KB India) which were derecognised during the six month period to 31 December 2017 is set out below.

Print The Future, Inc. entered into a Share Purchase Agreement ("SPA") with Kabuni on 1 May 2017 to acquire all of the issued capital of Kabuni's subsidiaries, KTI and KB India. On 30 June 2017, the Company entered into an Amended and Restated Share Purchase Agreement ("Purchase Agreement") with PTF that in effect amended, re-stated and replaced the SPA. Under the Purchase Agreement, it is proposed that Kabuni will be paid a purchase price of \$4,500,000 from PTF as set out below:

(a) A convertible promissory note from PTF in a principal amount of \$843,900.22, being the total amounts outstanding under the TSA including accrued interest, as at 30 June 2017 ("the TSA Note");

(b) A convertible promissory note of PTF in the agreed form, in a principal amount that shall equal \$4,500,000 less the principal amount of the TSA Note, (but not taking into account any amount attributable to accrued interest) ("the Purchase Note"). The Purchase Note was issued on completion of the transaction. The Purchase Note was due to mature and be repayable on or before 30 November 2017. The Purchase Note did not bear interest prior to Maturity.

The financial performance of the discontinued operation to date of disposal of subsidiaries, which is included in the profit from discontinued operations per the statement of profit or loss and other comprehensive income is as follows:

	31 Dec 2017	31 Dec 2016
	\$	\$
Revenue		
Membership/Online Revenue	-	10,936
Total Income	-	10,936
Expenses		
Operation Costs (net of foreign currency gain)	(76,390)	997,794
Wages and Salaries	13,119	1,249,990
Depreciation	6 30,615	85,082
Total Expenses	32,656	(2,332,866)
Gain/(Loss) before Income Tax	32,656	(2,321,930)
Income Tax Expense	-	-
Total gain/(loss) after tax attributable to the discontinued operations	32,656	(2,321,930)

The net cash flows of the discontinued operations which have been incorporated into the statement of cash flows are as follows:

	31 Dec 2017	31 Dec 2016
	\$	\$
Net cash inflow/outflow from operating activities	-	(2,029,448)
Net cash inflow/outflow from investing activities	-	-
Net cash inflow/outflow from financing activities	-	-
Net decrease in cash used in the discontinued operations	-	(2,029,448)

	31 Dec 2017	30 June 2017
Assets held for sale		
Cash and Equivalents	3 -	69,915
Trade and Other Receivables	4 -	109,723
Prepaid Expenses and Deposits	5 -	95,890
Property and Equipment	6 -	272,781
Total Assets held for sale	-	548,309
Current liabilities relating to assets held for sale		
Trade and Other Payables	7 -	160,045
Loans Payable	8 -	82,466
Finance Lease Liability	-	15,622
Total Current liabilities relating to assets held for sale	-	258,133

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

9. Discontinued Operations and Sale of Subsidiaries (continued)

Following the disposal of Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited during the half year, there are no longer any assets or liabilities held in relation to the discontinued operation as at 31 December 2017.

Book value of net assets over which control was lost	18 October 2017 (date of disposal) \$
Total current assets	65,520
Total non-current assets	251,749
Total assets	317,269
Total current liabilities	(228,515)
Total non-current liabilities	-
Total liabilities	(228,515)
Net assets derecognised	88,754
Consideration receivable	4,438,888
Cash	-
Carrying value of investment	(301,848)
Net assets derecognised	(88,754)
Gain on disposal of subsidiary	4,048,286
Gain/(Loss) after tax during the period to date of sale	32,656
Profit from discontinued operations after tax	4,080,942

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

10. Share capital

(a) Issued Capital

	31 December 2017		30 June 2017	
		\$		\$
Issued capital				
581,796,612 fully paid ordinary shares (June 30, 2017: 241,443,455 shares)		26,956,470		20,116,448

	31 December 2017		30 June 2017	
	No.	\$	No.	\$
Balance at beginning of the balance year/period	241,443,455	20,116,448	130,309,175	17,338,533
Changes due to deconsolidation of subsidiaries				
- KTI Canada	-	4,701,854	-	-
Shares issued for private placement ¹	-	-	29,900,000	807,300
Shares issued for rights issue ²	192,492,918	384,986	47,900,947	1,293,325
Shares issued for shortfall issue ²	24,974,950	49,950	33,333,333	900,000
Share Cancellation ³	(19,950,000)	(93,158)	-	-
Performance share conversion ⁵	13,525,493	1,552,549	-	-
Shares issued on conversion of convertible note ⁴	129,309,796	285,000	-	-
Capital raising costs	-	(41,159)	-	(222,710)
Balance at end of the end of the year/period	581,796,612	26,956,470	241,443,455	20,116,448

1. On October 21, 2016, the Company completed a Private Placement and raised gross proceeds of \$807,300. As part of the Private Placement, 14,950,000 free attaching options were issued, exercisable at \$0.05 each on or before June 30, 2019. There were no underwriting arrangements entered into as part of the Private Placement, however in connection with the Private Placement a cash fee of 6% of the funds raised pursuant to the Private Placement has been paid.
2. The Company completed a Rights Issue and issued 192,492,918 shares at \$0.002 each on 13 December 2017 and 76,997,164 Free Attaching Options (each exercisable at \$0.004 and expiring on 30 April 2021) to raise gross proceeds of \$384,985.84. A total of 287,211,488 shares and 114,884,595 Free Attaching Options were available under the Rights Issue, and the Shortfall Securities were to be allocated at the discretion of the Company and the Lead Manager. Subsequently on 19 December 2017 the Company issued 24,974,950 shares and 9,989,980 Free Attaching Options under the Rights Issue Shortfall Offer on the same terms and conditions as the Rights Issue to raise a further \$49,949.90. The Shortfall Offer issues are subject to a cash fee of 6% of the funds raised and the Company paid a Rights Issue management fee of \$15,000.
3. Pursuant to the Amended and Restated Share Purchase Agreement with PTF (see Note 9), the Company cancelled 19,950,000 fully paid ordinary shares and 24,605,000 Performance Shares held by Mr Neil Patel on 16 October 2017.
4. On 16 October 2017 the Company arranged for the issue of 97,630,421 shares on conversion and full satisfaction of 234,313 convertible notes with a face value of \$234,313. Notes converted upon the election of note holders, with a deemed price of \$0.0024 per share, being a 20% discount to the 5-trading day VWAP before the day of election to convert convertible notes. On 13 December 2017 the Company arranged for the issue of 31,679,375 shares on conversion and full satisfaction of 50,687 convertible notes with a face value of \$50,687. Notes convert automatically upon the completion of the Rights Offer. The deemed conversion price was \$0.0016 per share, being a 20% discount to the Rights Offer per price share of \$0.002

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

10. Share capital (continued)

5. On 13 December 2017 the Company arranged for the issue of 13,525,493 shares on conversion of 13,525,493 performance shares under the terms of the performance shares, comprising 3,881,372 Class A performance shares, 3,881,375 Class B performance shares, 2,881,373 Class C performance shares and 2,881,373 Class D performance shares.

(b) Shares repurchased

No shares have been repurchased in the period ended 31 December 2017.

11. Reserves

	31 December 2017	30 June 2017
	\$	\$
Foreign currency translation reserve ¹	4,392	(41,777)
Share based payments reserve	282,867	282,867
Option reserve	335,755	-
Performance shares reserve ²	2,460,500	4,013,049
	3,083,514	4,254,139

1. The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. During the period, an amount of \$45,711 relating to KTI and KT India were realised through the sale of the two subsidiaries.
2. The performance share reserve is used to record the value of Class A performance shares and Class B Performance Shares issued to certain Serpentine Technologies Ltd. (formerly Kabuni Ltd.) employees and the advisors based on the directors' assessment of the likelihood of the performance shares being converted to ordinary shares. During the period, 13,525,493 Performance Shares with a value of \$1,552,549 were converted to ordinary shares, thereby transferring \$1,552,549 into issued share capital.

(a) Performance shares reserve

Performance Shares by Class	Outstanding at 30 June 2017	\$	Converted to Issued Share Capital	\$	Cancelled	\$	Performance Shares Outstanding at 31 Dec 2017	\$
Class A	10,032,622	2,006,524	(3,881,372)	776,274	(6,151,250)	-	-	1,230,250
Class B	10,032,625	2,006,525	(3,881,375)	776,275	(6,151,250)	-	-	1,230,250
Class C	9,032,623	-	(2,881,373)	-	(6,151,250)	-	-	-
Class D	9,032,623	-	(2,881,373)	-	(6,151,250)	-	-	-
	38,130,493	4,013,049	(13,525,493)	1,552,549	(24,605,000)	-	-	2,460,500

	31 December 2017	30 June 2017
	\$	\$
Balance at the beginning of the year/period	4,013,049	4,013,049
Conversion of performance shares	(1,552,549)	-
Cancellation of performance shares*	-	-
Balance at the end of the year	2,460,500	4,013,049

*As the performance shares were deemed to have only non-vesting conditions attached to them (as defined under AASB 2/IFRS 2), these performance shares were considered to have vested on grant date. Therefore, the performance share reserve is not adjusted for the cancellation of these shares.

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

11. Reserves (continued)

The Company has reserved for issuance four classes of performance shares, which were to be converted to ordinary shares upon the successful completion of the following milestones or upon a change of control event:

- a. Class A Performance Shares which will convert into one fully paid ordinary share upon:
 - i. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$200 Revenue, each month for 3 consecutive months, on or before 30 August 2016; or
 - ii. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$200 Revenue, each month for 3 consecutive months, and the Milestone D is also achieved, (Milestone A);
- b. Class B Performance Shares which will convert into one Share upon:
 - i. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$750 Revenue, each month for 3 consecutive months, on or before 31 December 2016; or
 - ii. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$750 Revenue, each month for 3 consecutive months, and Milestone D is also achieved, and (Milestone B);
- c. Class C Performance Shares which will convert into one Share upon:
 - i. the Company achieving the CAD equivalent of at least \$20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, on or before December 1, 2017; or
 - ii. the Company achieving the CAD equivalent of at least \$20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, and Milestone D is also achieved, (Milestone C); and
- d. Class D Performance Shares which will convert into one Share upon:
 - i. the Company achieving the CAD equivalent of at least \$50 million in revenue in any 12 months; and
 - ii. a minimum of 35,000 Registered Home Designers on or before June 30, 2018, (Milestone D).

The amount recognized in the performance share reserve was the value of the performance shares issued to the Group's directors, employees and consultants based on management's assessment of the likelihood of the performance shares being converted to ordinary shares at date of grant of the performance shares. The performance shares were owned outright by their holders and did not lapse if employment ceases. As there is no specified service period, either implicit or explicit, attached to the performance shares, the performance share conditions are considered to be non-vesting.

Following shareholder approval for the sale of the PTF transaction (refer Note 9), the change of control condition for conversion of the performance shares were met and the Company arranged for the issue of 13,525,493 shares on conversion of 13,525,493 performance shares under the terms of the performance shares, comprising 3,881,372 Class A performance shares, 3,881,375 Class B performance shares, 2,881,373 Class C performance shares and 2,881,373 Class D performance shares.

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

11. Reserves (continued)

(b) Share based payments reserve

Type	Options Outstanding	Fair Value \$
Listed – Placement options ¹	12,000,000	-
Listed – Free attaching options ²	55,567,146	-
Listed – Placement options ²	15,000,000	15,000
Unlisted	94,500,478	267,867
	177,067,624	282,867

Type	31 December 2017 \$	30 June 2017 \$
Balance at the beginning of the year/period	282,867	119,383
Employee, director, contractor and consultant share-based payments	-	129,515
Placement options	-	15,000
Supplier share-based payments	-	18,969
Balance at the end of the year	282,867	282,867

1. As part of the August 24, 2015 financing, the Company issued 12,000,000 options, at an issue price of \$0.005 per option, for a gross proceeds of \$60,000. The options are exercisable at \$0.30 within 3 years of issue. The gross proceeds were received by the Company prior to the completion of the RTO and were included in the cash and cash equivalents balance as part of the net assets acquired.
2. As part of the 21 October 2016, the 29 November 2016 and the 13 December 2016 financing, the Company issued 70,567,146 options. Of this number, 55,567,146 were options issued to the subscribers of the Private Placement, Rights Issue and Shortfall Issue. The remaining 15,000,000 were issued at a price of \$0.001 per option for gross proceeds of \$15,000.

Recognised share-based payment transactions

Share based payment transactions recognized as operational expenses in the statement of profit or loss and other comprehensive income during the half year were as follows:

Share-based payment expense

	31 December 2017 \$	31 December 2016 \$
Employee share based payments issued	-	114,230
Supplier share based payments issued	-	9,560
	-	123,790

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Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

11. Reserves (continued)

(b) Share based payments reserve (continued)

i. Employee, director, contractor and consultant share based payments (continued)

No options were granted to employees, directors, contractors and consultants during the period ended December 31, 2017.

The table below summarizes the movement in unlisted options during the period:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
17/03/16	31/03/19	\$0.18	2,013,334	-	-	-	2,013,334
18/08/16	06/11/18	\$0.13	150,000	-	-	-	150,000
18/08/16	31/10/18	\$0.13	200,000	-	-	-	200,000
31/10/16	30/09/19	\$0.05	150,000	-	-	-	150,000
29/11/16	30/06/19	\$0.06	3,000,000	-	-	-	3,000,000
09/12/16	31/03/19	\$0.06	1,000,000	-	-	-	1,000,000
10/02/17	30/09/19	\$0.06	1,000,000	-	-	-	1,000,000
13/12/17	30/04/21	\$0.004	-	76,997,164	-	-	76,997,164
19/12/17	30/04/21	\$0.004	-	9,989,980	-	-	9,989,980
			7,513,334	86,987,144	-	-	94,500,478

On March 17, 2016, 4,190,001 share options exercisable at the greater of (1) \$0.18 and (2) the fair market value of the shares on the date of acceptance, provided that, for such purposes, the "fair market value" of the shares is defined as the average closing sale price of the shares on ASX over the 5 trading days immediately preceding the date of acceptance, on or before March 31, 2019 were granted to employees of the Group. The options vested on September 3, 2016 (being 12-months after the date of listing on the ASX). To date, 2,176,667 of these options have been forfeited.

No director or director related entity will participate in this issue and shareholder approval is not required in order to issue the options. Options granted to employees and directors in the current period vest on various dates subject to employees remaining employed and directors remaining engaged with the Group.

i. Share-based payment to suppliers

On February 19, 2016, 2,500,000 share options exercisable at \$0.20 on or before 30 June 2017 were granted to a consultant for corporate advisory services rendered during the financial period and over the coming 12 months. The options will vest when the share price (based on a 20-day volume weighted average price) of the Company, as quoted by the ASX, reaches a level of \$0.225. These options have been valued using the Black-Scholes option pricing model and are recognised as operational expenses in the statement of profit or loss and other comprehensive income.

Grant Date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
19/02/16	30/06/17	\$0.15	2,500,000	-	-	-	2,500,000	-
			2,500,000	-	-	-	2,500,000	-

*These options did not vest by the vesting date 30 June 2017.

Serpentine Technologies Ltd.

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12. Accumulated losses

	31 December 2017	30 June 2017
	\$	\$
Movements in accumulated losses were as follows:		
Opening balance	(24,058,840)	(18,954,453)
Changes due to deconsolidation of subsidiaries		
- KTI Canada	13,690,202	-
- KTI India	297,786	-
- Other Adjustments	(19,170,401)	-
- Loss on deconsolidation	56,097	-
Profit/(Loss) for the period	(4,614,411)	(5,104,387)
Loss from discontinued Operations	32,656	-
Profit from sale of subsidiary	4,048,286	-
Closing balance	(29,718,625)	(24,058,840)

13. Segmented information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being the development of an e-commerce platform in the home design space. During the period ended 31 December 2017, the Group operated in the following geographic segments: Australia, India and Canada.

(a) Revenue, interest and other income by geographical region

	31 December 2017	31 December 2016
	\$	\$
<u>Continuing Operations</u>		
Australia	-	-
USA	105,057*	-
Total revenue from continuing operations	105,057	-

*Includes \$103,815 relating to other income – loan forgiveness

Discontinued Operations

Canada *	-	10,936
India	-	-
Total revenue from discontinued operations	-	10,936

* Included in the net loss from discontinued operations as shown in Note 9

(b) Loss by geographical region

	31 December 2017	31 December 2016
	\$	\$
<u>Continuing Operations</u>		
Australia	633,528	455,976
USA	(100,059)	-
Total Loss from continuing operations	533,469	455,976

Discontinued Operations

Canada *	-	2,232,080
India *	-	89,850
Total loss from discontinued operations	-	2,321,930

* Included in the net loss from discontinued operations as at 30 June 2017 financial statements as shown in Note 9

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

13. Segmented information (continued)

(c) Total assets by geographical region

	31 December 2017 \$	30 June 2017 \$
<u>Continuing Operations</u>		
Australia	581,613	170,154
USA	1,181	450
Total Assets from continuing operations	582,794	170,604
<u>Discontinued Operations</u>		
Canada *	-	482,831
India *	-	65,478
Total Assets from discontinued operations	-	548,309

Included in the assets held for sale as at 31 December 2017 financial statements as shown in Note 9

14. Contingent assets and liabilities

There are no known contingent assets or liabilities

15. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the loss and share data used in the total operations basic and diluted earnings per share computations:

	31 December 2017 \$	31 December 2016 \$
Loss used in calculating basic and dilutive EPS	(533,469)	(2,777,906)
Number of Shares		
Weighted average number of ordinary shares used in calculating basic loss per share:	289,118,996	153,707,166
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	289,118,996	153,707,166

16. Commitments

The Company has no operational, capital, finance or termination payment commitments as at December 31, 2017 other than a commitment to Ventnor Capital to provide 3 months' termination of services notice at a monthly fee of \$6,000 per month.

Serpentine Technologies Ltd.

Condensed Notes to the Consolidated Financial Statements

For the half-year 31 ended December 2017

17. Subsequent Events

On 3 January 2018 the Company issued 40,000,000 unlisted options over shares to Alto Capital as consideration for corporate advisory services. Each option was exercisable at \$0.004 with an expiry date of 30 April 2021.

On 23 January 2018 the Company lodged a Shortfall Offer Prospectus in order to cleanse the shortfall securities available under the entitlements offer for secondary trading.

On 25 January 2018 the Company issued the remaining shortfall securities available under the entitlements offer of 69,743,618 New Shares and 27,897,447 Free Attaching Options.

The Company notice of exercise of options and issued the following tranches of shares on option exercises (on a one-for-one basis):

- 3 January 2018 – 2,520,000 shares;
- 4 January 2018 – 25,779,380 shares;
- 12 January 2018 – 11,061,415 shares;
- 29 January 2018 – 2,914,488 shares; and
- 1 February 2018 – 2,280,600 shares.

Other than as set out above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Company, the results of those operations or the Company's state of affairs.

Directors' Declaration

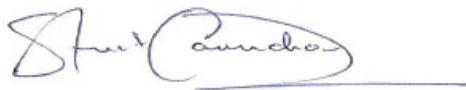
The Directors of the Company declare that:

1. The condensed financial statements and notes as set out on pages 7 to 24 are in accordance with the Corporations Act 2001 and:

- a) Comply with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- b) Give's a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2017 to 31 December 2017.

2. At the date of this statement, in the Directors' opinion, there are reasonable grounds to believe that Serpentine Technologies Ltd will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303(5) of the Corporations Act 2001.

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', is written over a horizontal line.

Stuart Carmichael
Non-Executive Chairman

Perth, Western Australia
1 March 2018

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SERPENTINE TECHNOLOGIES LIMITED**

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Serpentine Technologies Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Serpentine Technologies Limited ("the Group"). The Group comprises both Serpentine Technologies Limited ("the Company") and the entities it controlled during the period.

Directors' Responsibility for the Interim Financial Report

The directors of Serpentine Technologies Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2017 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*. As the auditor of Serpentine Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Serpentine Technologies Limited on 1 March 2018.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for Qualified Conclusion* section of our report, we have not become aware of any other matter that makes us believe that the interim financial report of Serpentine Technologies Limited is not 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 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Qualified Conclusion

On 18 October 2017, the Company announced the completion of the sale of two of its subsidiaries, Kabuni Technologies Inc. (KTI) and Kabuni Technologies (India) Private Limited (KT India) to Print the Future Inc.. Included in the gain from discontinued operations shown in the consolidated statement of profit or loss and other comprehensive income of \$4,080,942, is the net loss of KTI India for the period from 1 July 2017 to date of disposal of \$56,496. The net liabilities of KT India as at the date of disposal were \$51,186.

The financial information relating to KT India was not complete. As a result, we were unable to obtain sufficient appropriate audit evidence relating to the result for the period from 1 July 2017 to 18 October 2017 and net liabilities at the date of sale relating to KT India to Print the Future Inc.. There were no other satisfactory audit procedures that we could perform to satisfy ourselves of KT India's result for the period (1 July 2017 to 18 October 2017) and the net liabilities as at date of disposal and thus the gain on disposal of subsidiaries was free from material misstatement. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

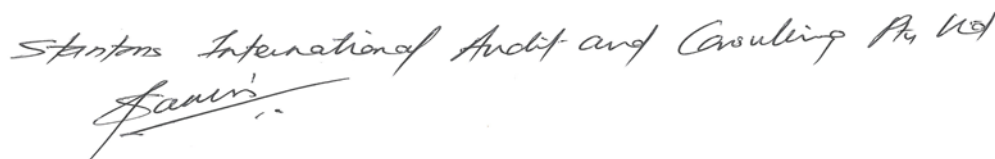
Material Uncertainty Regarding Going Concern

Without qualification to the review conclusion expressed above, attention is drawn to the following matter.

As referred to in note 1 to the financial report, the financial report has been prepared on a going concern basis. At 31 December 2017, the consolidated had net assets of \$321,359, cash and cash equivalents of \$516,177, and net working capital surplus of \$321,359. The consolidated entity had incurred a loss for the period ended 31 December 2017 of \$533,389.

The ability of the Group to continue as a going concern and meet its administration and other business commitments is dependent upon the consolidated entity raising further working capital, commencing profitable operations or the successful recovery of the sale proceeds from the sale of the Group's operating subsidiaries to Print the Future, Inc.. In the event the Group is unable to raise further working capital and/or commence profitable operations and/or successfully recover of the sale proceeds from the sale of the Group's operating subsidiaries to Print the Future, Inc., the Group may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

West Perth, Western Australia
1 March 2018