

APPENDIX 4D

Consolidated Interim Financial Report for the half-year ended 31 December 2018

1. Name of Entity

Serpentine Technologies Limited (ABN 28 158 307 549)

Reporting Period	Half-year ended 31 December 2018
Previous Corresponding Reporting Period	Half-year ended 31 December 2017

2. Results for Announcement to Market

Financial results	Up / Down	% Change	2018	2017
Revenue from ordinary activities	Down	100%	-	1,243
Loss after tax from ordinary activities attributable to members	Up	64%	(193,461)	(533,469)
Loss attributable to members	Up	63%	(193,416)	(527,389)
Final and interim dividends	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend	N/A			
Brief explanation of any of the figures reported above	During the period, the Company continued to review and assess 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.			

3. Net Tangible Asset Backing per Ordinary Share

	Cents
Net tangible asset backing per ordinary share – current reporting period	0.029
Net tangible asset backing per ordinary share – previous reporting period	0.055

4. Control Gained Over Entities

Details of entities over which control has been gained or lost	N/A
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5. Dividends Paid and Payable

Details of dividends or distribution payments	No dividends or distributions are payable.
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6. Dividend Reinvestment Plans

Details of dividend or distribution reinvestment plans	There is no dividend reinvestment program in operation for Serpentine Technologies Limited.
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7. Details of Associates

Details of associates and joint venture entities	N/A
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8. Foreign Entities

Foreign entities to disclose which accounting standards are used in compiling the report

N/A

9. Review Opinion

Details of any audit dispute or qualification

The review report includes an emphasis of matter relating to material uncertainty regarding going concern.



Stuart Carmichael
Non-Executive Chairman

Perth, Western Australia
27 February 2019



**SERPENTINE TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 28 158 307 549

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018**

Serpentine Technologies Limited

Consolidated Interim Financial Report

For the half-year ended 31 December 2018

CONTENTS	PAGE
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
Directors' Declaration	19
Auditor's Independent Review Report	20

CORPORATE DIRECTORY

Directors

Mr. Stuart Carmichael – Non-Executive Chairman
Mr. Michael Edwards – Non-Executive Director
Mr. Colm O'Brien – Non-Executive Director

Auditors

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

Company Secretaries

Mr. Brett Tucker
Ms. Deborah Ho (Appointed as Joint Company
Secretary on 31 January 2019)

Stock Exchange

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

Registered Office

Ground Floor, 16 Ord Street
West Perth, WA 6005

Website

<http://serpentinetechnologies.com.au/>

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth, WA 6000

Serpentine Technologies Limited

Directors' Report 31 December 2018

The Directors present their report for Serpentine Technologies Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2018.

DIRECTORS

The persons who were directors of Serpentine Technologies Limited at any time during the half-year are:

Mr. Stuart Carmichael – Non-Executive Chairman
Mr. Michael Edwards – Non-Executive Director
Mr. Colm O'Brien – Non-Executive Director

REVIEW OF OPERATIONS

The loss of the Group after providing for income tax amounted to \$193,461 (31 December 2017: loss of \$533,469). The Company continues to investigate several acquisition opportunities across a range of industries, with a focus on new and emerging technology, with the aim to identify an opportunity with the potential to significantly increase shareholder value.

Description of Business

Serpentine Technologies Limited 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 Print the Future, Inc. ("PTF") capital raising activities closely as well as reserving all available options to recover funds owing.

Significant Changes in the Group's State of Affairs

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

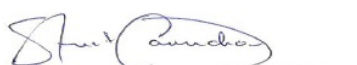
On 31 January 2019, Ms Deborah Ho was appointed as joint Company Secretary of Serpentine Technologies Limited.

Other than the 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.

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 interim financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



Stuart Carmichael
Non-Executive Chairman

Perth, Western Australia
27 February 2019

27 February 2019

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 Serpentine Technologies Limited.

As Audit Director for the review of the financial statements of Serpentine Technologies Limited for the six-month period ended 31 December 2018, 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 Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
<u>Continuing Operations</u>			
Revenue	10a	-	1,243
Gross profit		-	1,243
Operating expenses			
General and administration		23,445	21,354
Insurance		24,643	22,272
Professional and consulting services		74,041	260,919
Rent and outgoings		-	4,130
Salaries, Director's fees, bonus and benefits		49,275	(36,394)
Software, website and platform costs		4,712	992
Travel expenses		106	-
Total operating expenses		176,222	273,273
Net loss from continuing operations		(176,222)	(272,030)
Finance costs		(927)	(1,295)
Listing fees		(17,111)	(44,096)
Foreign exchange loss/(gain)		-	(4,817)
Bad debt provision	4	(454,140)	(4,489,712)
Other income – loan forgiveness	10a	-	103,815
Write back of impairment		-	93,158
Other income (PTF interest and bank interest)		454,939	566
Total loss from continuing operations		(193,461)	(4,614,411)
<u>Discontinued Operations</u>			
Gain from sale of discontinuing operations	11	-	4,080,942
Total loss attributable to owners		(193,461)	(533,469)
Other comprehensive loss			
Exchange gain on translation of foreign operations		45	6,080
Total loss and comprehensive loss for the year		(193,416)	(527,389)
Loss per share			
- Basic and diluted (in cents)	9	(0.03)	(0.19)

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

Serpentine Technologies Limited
Consolidated Statement of Financial Position
As at 31 December 2018

		31 Dec 2018	30 Jun 2018
	Note	\$	\$
Current assets			
Cash and cash equivalents	3	295,390	530,402
Trade and other receivables	4	13,120	7,328
Prepaid expenses and deposits		74,337	28,826
Total current assets		382,847	566,556
Non-current assets			
Property and equipment	5	-	-
Total non-current assets		-	-
Total assets		382,847	566,556
Current liabilities			
Trade and other payables	6	175,347	165,640
Total liabilities		175,347	165,640
Net assets		207,500	400,916
Equity			
Share capital	7	27,326,179	27,326,179
Reserves	8	3,145,798	3,145,753
Accumulated losses		(30,264,477)	(30,071,016)
Total equity		207,500	400,916

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

Serpentine Technologies Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

		Share Capital	Accumulated Losses	Other Reserves	Foreign Currency Translation Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 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		-	(19,170,400)	-	-	(19,170,400)
- Loss on deconsolidation		-	56,097	-	-	56,097
Issue of shares – rights issue	7	384,986	-	-	-	384,986
Issue of shares – shortfall allotment	7	49,950	-	-	-	49,950
Conversion of convertible notes	7	285,000	-	-	-	285,000
Share issue costs	7	(41,159)	-	-	-	(41,159)
Conversion of performance shares	7	1,552,549	-	(1,552,549)	-	-
Cancellation of performance shares	7	(93,158)	-	-	-	(93,158)
Loss for the period		-	(4,614,412)	-	-	(4,614,412)
Loss from discontinued operations	11	-	32,656	-	-	32,656
Profit from sale of subsidiary	11	-	4,048,286	-	-	4,048,286
Cumulative translation adjustment		-	-	-	6,080	6,080
Balance as at 31 December 2017		26,956,470	(29,718,625)	3,079,122	4,392	321,359
Balance at 1 July 2018		27,326,179	(30,071,016)	3,143,123	2,630	400,916
Loss for the period		-	(193,461)	-	-	(193,461)
Cumulative translation adjustment		-	-	-	45	45
Balance as at 31 December 2018		27,326,179	(30,264,477)	3,143,123	2,675	207,500

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

Serpentine Technologies Limited

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(235,870)	(341,797)
Receipts from sales and related debtors	-	1,243
Interest received	799	566
Net cash used in operating activities	(235,071)	(339,988)
Cash flows from financing activities		
Proceeds from convertible debt	-	250,000
Proceeds from issue of shares	-	434,937
Payments for share issue costs	-	(8,162)
Net cash provided by financing activities	-	676,775
Change in cash and cash equivalents during the period	(235,071)	336,787
Cash and cash equivalents, beginning of the period	530,402	134,352
Impact of exchange rate changes on cash and cash equivalents	59	45,038
Cash and cash equivalents, end of the period	295,390	516,177

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

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

1. Nature of operations

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

Serpentine Technologies Limited holds the 'Design Campus' business, which is a database of professional designers and an online education platform. Its platform Design Campus enables members to subscribe to design courses and feature relevant training content, including courses accredited both the Interior Design Consulting Education Counsel ("IDCEC") and the Architects Institute of America ("AIA").

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 2018, the Group has a net working capital surplus of \$207,500 and accumulated loss of \$30,264,477.

The Directors are of the opinion there are reasonable grounds to believe that the Group will be able to continue as a going concern on the following basis:

- The Board is currently investigating a number of potential acquisitions in the technology sector;
- The Company has capital raising support from its corporate advisor; and
- The Company has a number of potential funding options available.

The Company's ability to continue as a going concern is also dependent upon its ability to recover the outstanding balances owing from PTF in relation to the sale of subsidiaries.

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.

2. Basis of presentation

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *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 authorised for issue by the Board of Directors on 27 February 2019.

(b) Basis of preparation

These 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 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 3 to the consolidated financial statements for the financial year ended 30 June 2018 and have been consistently applied in the preparation of these consolidated interim financial statements.

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

2. Basis of presentation (Continued)

(c) New or amended accounting standards and interpretations adopted

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, the Group has adopted all the mandatory standards for the current reporting period as these standards apply for the first time to this set of financial statements. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has considered the implications of these new and amended Accounting Standards and have determined that their application and changes to the Group's accounting policies arising from these standards are summarised below:

AASB 9 Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Measurement of Financial Assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories: financial assets at amortised cost; financial assets at fair value through profit or loss (FVTPL); debt instruments at fair value through other comprehensive income (FVTOCI); and equity instruments at FVTOCI. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial Assets at Amortised Cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of Financial Assets

AASB 9 new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Reconciliation of Financial Instruments on Adoption of AASB 9

Based on its assessment, the Group does not believe that the new classification requirements will have any material impact on its accounting for trade and other receivables.

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

2. Basis of presentation (Continued)

(d) 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 review affects both current and future periods. The critical judgements and estimates applied in the preparation of the Group's consolidated interim consolidated financial statements for the half-year ended 31 December 2018 are consistent with those applied and disclosed in Note 2(b) to the Group's consolidated financial statement for the year ended 30 June 2018.

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 Dec 2018	30 Jun 2018
	\$	\$
Cash and cash equivalents	295,390	530,402
	295,390	530,402

4. Trade and other receivables

	31 Dec 2018	30 Jun 2018
	\$	\$
Taxes receivable from government	13,120	7,328
<i>Receivable from PTF</i>		
Promissory notes	4,395,745	4,395,745
Interest receivable	1,049,199	595,059
Recharges for expenditure	119,421	119,421
Less: Provision for bad debt	(5,564,365)	(5,110,225)
	-	-
	13,120	7,328

	31 Dec 2018	30 Jun 2018
	\$	\$
<i>Movements in provision for bad debt</i>		
Opening balance	5,110,225	-
Less: Provision for bad debt	454,140	5,110,225
	5,564,365	5,110,225

Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited were both sold to Print the Future Inc. (PTF) with the transaction being finalised in October 2017. Amounts recoverable from Print the Future in respect of the sale proceeds have been fully provided for at 31 December 2018. Refer to Note 11 for more details on transaction with PTF.

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

5. Property and equipment

	Furniture and Equipment \$	Computer Equipment \$	PP&E Design Studio \$	Leasehold Improvements \$	Leased Assets – Motor Vehicles \$	Total \$
Costs						
Balance at 1 July 2017	-	-	-	-	-	-
Reclassification prior to sale	182,852	153,651	204,304	341,014	28,367	910,188
Derecognition on sale (Note 11)	(182,852)	(153,651)	(204,304)	(341,014)	(28,367)	(910,188)
Balance at 30 June 2018	-	-	-	-	-	-
Balance at 31 December 2018	-	-	-	-	-	-
Accumulated depreciation						
Balance at 1 July 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 11)	(64,017)	(91,935)	(54,431)	(170,960)	(6,860)	(388,203)
Balance at 30 June 2018	-	-	-	-	-	-
Balance at 31 December 2018	-	-	-	-	-	-
Impairments						
Balance at 1 July 2017	-	-	-	-	-	-
Reclassification prior to sale	-	-	109,765	170,054	-	279,819
Derecognition on sale (Note 11)	-	-	(109,765)	(170,054)	-	(279,819)
Balance at 30 June 2018	-	-	-	-	-	-
Balance at 31 December 2018	-	-	-	-	-	-
Carrying amount						
Balance at 30 June 2018	-	-	-	-	-	-
Balance at 31 December 2018	-	-	-	-	-	-

6. Trade and other payables

	31 Dec 2018 \$	30 Jun 2018 \$
Trade payables	58,024	91,316
Accruals	117,323	74,324
	175,347	165,640

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

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

7. Share capital

(a) Issued share capital

	31 Dec 2018		30 Jun 2018	
	No.	\$	No.	\$
Fully paid ordinary shares	722,096,113	27,326,179	722,096,113	27,326,179
Balance at beginning of the period / year	722,096,113	27,326,179	241,443,455	20,116,448
Deconsolidation of subsidiaries	-	-	-	4,701,854
Shares issued for rights issue ¹	-	-	192,492,918	384,986
Shares issued for shortfall issue ¹	-	-	24,974,950	49,950
Share cancellation ²	-	-	(19,950,000)	(93,158)
Performance share conversion ³	-	-	13,525,493	1,552,549
Shares issued on conversion of convertible note ⁴	-	-	129,309,796	285,000
Shares issued on options exercised ⁵	-	-	44,555,883	178,222
Shares issued for shortfall issue ⁶	-	-	69,743,618	139,487
Shares issued for Directors placement ⁷	-	-	26,000,000	52,000
Capital raising costs	-	-	-	(41,159)
Balance at end of the period / year	722,096,113	27,326,179	722,096,113	27,326,179

¹ 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 \$384,986. 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 \$49,950. 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.

² Pursuant to the Amended and Restated Share Purchase Agreement with PTF (Note 11), 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.

³ 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.

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 Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

7. Share capital (Continued)

- ⁵ A total of 44,555,883 options were exercised during the prior year. On 3 January 2018, 2,520,000 shares were issued on conversion of 2,520,000 unlisted options exercisable at \$0.004 per option on or before 30 April 2021. On 4 January 2018, 25,779,380 shares were issued on conversion of 25,779,380 unlisted options exercisable at \$0.004 per option on or before 30 April 2021. On 12 January 2018, 11,061,415 shares were issued on conversion of 11,061,415 unlisted options exercisable at \$0.004 per option on or before 30 April 2021. On 25 January 2018, 2,914,488 shares were issued on conversion of 2,914,488 unlisted options exercisable at \$0.004 per option on or before 30 April 2021. On 1 February 2018, 2,280,600 shares were issued on conversion of 2,280,600 listed options exercisable at \$0.004 per option on or before 30 April 2021.
- ⁶ On 25 January 2018, 69,743,618 shares were issued that were the remaining shortfall securities available under the entitlements offer.
- ⁷ On 23 March 2018, 26,000,000 shares were issued for a Director Placement under the Prospectus dated 23 January 2018.

(b) Shares repurchased

No shares have been repurchased in the period ended 31 December 2018.

8. Reserves

	Note	31 Dec 2018 \$	30 Jun 2018 \$
Foreign currency translation reserve ¹		2,675	2,630
Share based payments reserve	8a	282,867	282,867
Option reserve	8b	399,756	399,756
Performance shares reserve ²	8c	2,460,500	2,460,500
		3,145,798	3,145,753

¹ The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

² No performance shares were outstanding as at 31 December 2018 (30 June 2018: nil).

(a) Share based payments reserve

Type	Options Outstanding No.	Fair Value \$
Listed – Free attaching options	55,567,146	-
Listed – Placement options	15,000,000	15,000
Listed – Free attaching options	120,728,708	-
Unlisted options	7,088,334	267,867
	198,384,188	282,867

	31 Dec 2018 No.	\$
Balance at 1 July 2018	210,734,188	282,867
Expiry of listed options ¹	(12,000,000)	-
Expiry of unlisted options ²	(350,000)	-
Balance at 31 December 2018	198,384,188	282,867

¹ On 25 August 2018, 12,000,000 listed options exercisable at \$0.30 each expired unexercised.

² On 31 October and 6 November 2018, 200,000 and 150,000 unlisted options exercisable at \$0.13 each expired unexercised.

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

8. Reserves (Continued)

The table below summarises 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
17/03/2016	31/03/2019	\$0.18	2,013,334	-	-	-	2,013,334
18/08/2016	06/11/2018	\$0.13	150,000	-	-	(150,000)	-
18/08/2016	31/10/2018	\$0.13	200,000	-	-	(200,000)	-
31/10/2016	30/09/2019	\$0.05	75,000	-	-	-	75,000
29/11/2016	30/06/2019	\$0.06	3,000,000	-	-	-	3,000,000
09/12/2016	31/03/2019	\$0.06	1,000,000	-	-	-	1,000,000
10/02/2017	30/09/2019	\$0.06	1,000,000	-	-	-	1,000,000
			7,438,334	-	-	(350,000)	7,088,334

(b) Option reserve

Type	31 Dec 2018 \$	30 Jun 2018 \$
Balance at the beginning of the period/year	399,756	-
Deconsolidation of subsidiaries (Note 11)	-	335,756
Options issued – subscription proceeds ¹	-	4,000
Options issued – consultants ¹	-	60,000
Balance at the end of the period/year	399,756	399,756

¹ On 3 January 2018, 40,000,000 unlisted options exercisable at \$0.004 each with an expiry date of 30 April 2021, and a subscription price of \$0.0001 each, were issued as consideration for advisory services totalling \$60,000. The related expense is recognised as corporate advisory fees in the consolidated statement of profit and loss and other comprehensive income. All 40,000,000 options were exercised by the 30 June 2018 – 25,779,380 unlisted options were exercised on the 4 January 2018 and the remainder 14,220,620 unlisted options were converted to listed options on 29 January 2018.

(c) Performance share reserve

	31 Dec 2018 \$	30 Jun 2018 \$
Balance at the beginning of the period/year	2,460,500	4,013,049
Conversion of performance shares	-	(1,552,549)
Balance at the end of the period/year	2,460,500	2,460,500

The performance share reserve is used to record the value of Class A performance shares and Class B Performance Shares issued to certain Company employees and the advisors based on the Directors' assessment of the likelihood of the performance shares being converted to ordinary shares. During the prior year ended 30 June 2018, 13,525,493 Performance Shares with a value of \$1,552,549 were converted into ordinary shares, thereby transferring \$1,552,549 into issued share capital (note 7a). The remaining 24,605,000 performance shares were cancelled under the selective capital reduction.

Performance Shares	Shares at 30 Jun 2017	\$	Converted	\$	Cancelled	Shares at 30 Jun 2018	\$
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

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

8. Reserves (Continued)

* 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.

9. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the half-year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the half-year. The following reflects the loss and share data used in the total operations basic and diluted earnings per share computations:

	31 Dec 2018	31 Dec 2017
	\$	\$
Loss used in calculating basic and dilutive EPS	(193,461)	(533,469)
	No.	No.
Weighted average number of ordinary shares used in calculating basic loss per share	722,096,113	289,118,996
<i>Adjustments for calculation of diluted loss per share</i>		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	722,096,113	289,118,996
	Cents	Cents
Basic loss per share	(0.03)	(0.19)
Diluted loss per share	(0.03)	(0.19)

10. 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 a membership platform (Design Campus) within the Interior Design industry. During the half-year ended 31 December 2018, the Group operated in the following geographic segments: Australia, and USA (for the half-year ended 31 December 2017 and year ended 30 June 2018: Australia, USA, India and Canada).

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

	31 Dec 2018	31 Dec 2017
	\$	\$
<u>Continuing Operations</u>		
Australia	-	-
USA	-	105,058*
Total revenue from continuing operations	-	105,058
<u>Discontinued Operations</u> *		
Canada	-	-
India	-	-
Total revenue from discontinued operations	-	-

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

* Discontinued operations were sold in the half-year ended 31 December 2017

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

10. Segmented information (Continued)

(b) Loss by geographical region

	31 Dec 2018 \$	31 Dec 2017 \$
<u>Continuing Operations</u>		
Australia	193,128	633,528
USA	333	(100,059)
Total loss from continuing operations	193,461	533,469
<u>Discontinued Operations</u> *		
Canada	-	-
India	-	-
Total loss from discontinued operations	-	-

* Discontinued operations were sold in the half-year ended 31 Dec 2017

(c) Total assets by geographical region

	31 Dec 2018 \$	30 Jun 2018 \$
Australia	381,859	565,285
USA	988	1,271
Total assets from continuing operations	382,847	566,556

11. Discontinued operations and sale of subsidiaries

Print The Future, Inc. entered into a Share Purchase Agreement ("SPA") with Serpentine Technologies Limited 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 KT 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.

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

11. Discontinued operations and sale of subsidiaries (Continued)

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:

	Note	31 Dec 2017 \$
Revenue		
Membership/Online Revenue		-
Total Income		-
Expenses		
Operation Costs (net of foreign currency gain)		(76,390)
Wages and Salaries		13,119
Depreciation	5	30,615
Total Expenses		32,656
Gain before Income Tax		32,656
Income Tax Expense		-
Total gain after tax attributable to the discontinued operations		32,656

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

	18 Oct 2017 (date of disposal) \$
Book value of net assets over which control was lost	
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 after tax during the period to date of sale	32,656
Profit from discontinued operations after tax	4,080,942

Serpentine Technologies Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2018

12. Contingent assets and liabilities

There are no known contingent assets or liabilities as at 31 December 2018 (30 June 2018: nil).

13. Commitments

The Company has no operational, capital, finance or termination payment commitments as at 31 December 2018 (30 June 2018: nil).

14. Subsequent events

On 31 January 2019, Ms Deborah Ho was appointed as joint Company Secretary of Serpentine Technologies Limited.

Other than the 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 Limited

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes as set out on pages 5 to 18 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 2018 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 2018 to 31 December 2018.

2. At the date of this statement, in the Directors' opinion, there are reasonable grounds to believe that Serpentine Technologies Limited 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 S303(5) of the Corporations Act 2001.



Stuart Carmichael
Non-Executive Chairman

Perth, Western Australia
27 February 2019

**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 2018, 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 2018 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 27 February 2019.

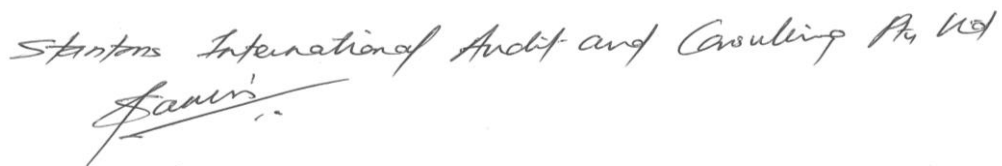
Material Uncertainty Regarding Going Concern

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 2018, the Group had consolidated net assets of \$207,500, cash and cash equivalents of \$295,390 and net working capital surplus of \$207,500. The Group had incurred a loss for the period ended 31 December 2018 of \$193,461.

The ability of the Group to continue as a going concern and meet its administration and other business commitments is dependent upon the Group 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 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)

A handwritten signature in black ink, appearing to read 'Samir', is written over a faint, cursive-style background text that reads 'Stantons International Audit and Consulting Pty Ltd'.

Samir Tirodkar
Director

West Perth, Western Australia
27 February 2019