



REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	Half-Year to 31 December 2015 \$000		Half-Year to 31 December 2014 \$000
Revenue	-		-
Net Profit/(Loss) after Tax for the Half Year	(2,593)	down 62%	(1,599)

Brief Explanation of Movements in Revenue and Net Profit

A review of the operations of the group and the results of these operations for the half-year is set out in the accounts released to the market on 29 February 2016, a copy of which is attached herewith on pages 2 to 17.

Dividends and Dividend Reinvestment Plans

	<u>Amount per Security</u>	<u>Franked Amount per Security</u>
--	--------------------------------	--

An interim dividend has not been declared for the financial year ended 30 June 2016

-

-

There were no dividend reinvestment plans in operation during the period.

Net Tangible Assets per Security

	<u>Half-Year to 31 December 2015</u>	<u>Half-Year to 31 December 2014</u>
--	--	--

Net tangible asset backing per ordinary security (cents)

0.13

0.21

Audit

This report is based on financial statements that have been reviewed. A copy of the reviewed financial statements is attached.



ABN: 80 112 379 503

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of LWP Technologies Limited ("LWP" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

DIRECTORS

The following persons were directors of LWP Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Position	Period of Directorship
Siegfried Konig	Chairman	Appointed 15 August 2014
David Henson	Executive Director	Appointed 15 August 2014, Executive Director 1 February 2016
Sean Corbin	CEO/Executive Director	Appointed 29 May 2015

REVIEW AND RESULTS OF OPERATIONS

Pilot Plant

During this half year commissioning was completed at our Pilot Plant at Clontarf.

Production of Proppants was undertaken for the first time over the last quarter of the year, where various Fly ash types were utilised.

Late in the half when results were deemed to have reached a satisfactory standard at the Pilot Plant, Proppants were sent for external laboratory verification.

Test Results

In January 2016 the Company reported highly positive independent test results of its fly-ash based proppants. The ISO 13502-2 tests were designed to determine, amongst other things, the maximum pressure that the proppants could withstand before 10% or more of the proppant crushed or became 'fines', which is a generally accepted market threshold.

The tests returned a compressive strength of 13,000 Psi (pounds per square inch), which is significantly higher than the 4,000 psi standard ISO threshold for achieving less than 10% fines. This result for the Eco proppant equated to only 6.7 % of the Eco proppant being converted to fines at 10,000 PSI, which eclipses the ISO 13502-2 standard.

The initial tests were conducted by US based Global Energy Laboratories and confirmed an exceptionally high pressure threshold for the LWP proppants and then confirmed by the Stimlab reports. Stimlab also completed the ISO 13502-5 tests, which measure conductivity and permeability at simulated downhole pressures and temperature. Again the results proved excellent.

Corporate

In April 2015, LWP appointed New York-based corporate advisory firm, EAS Advisors LLC (EAS), as the Company's corporate advisor. EAS, established by Edward A Sugar, is an investment advisory firm providing services primarily to natural resource and commodity sector companies. EAS was founded in 2008 and since inception has participated in transactions worth more than \$2.5 billion.

EAS is working closely with LWP to help the Company execute its business plan for the commercialisation and growth of its next generation, fly-ash based, proppant, and will play a key role in advising LWP and assisting with the growth of the business in the US investment market, and also with potential end users in the US and globally.

Capital Raisings

During the period, LWP successfully completed a successful capital Placement to professional and sophisticated investors in Australia and the United States, which raised \$6.6 million at prices of \$0.01 to \$0.011 per share. The placement was supported by the Company's US advisor, EAS Advisors LLC, acting through Merriman Capital, Inc.

The capital raising has given LWP a strong balance sheet to pursue further appropriate commercial transactions and to soon upgrade our manufacturing facility in India and commence commercial production of fly-ash proppants utilising LWP's disruptive technology.

DIRECTOR'S REPORT

Financial Performance and Position

The Company posted a net loss before tax for the first half of 2015 of \$2,593,331

The Company had cash reserves at the 31st December 2015 of \$5,417,897. These cash reserves, are adequate to allow the company to further its ongoing development of its core activity, being the licensing of its revolutionary technology for the manufacture of ceramic proppants, and to further commercialise the technology.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 4 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of LWP Technologies.



Sean Corbin
Director
Brisbane, 29 February 2016

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Error! Unknown document
property name.

DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF LWP TECHNOLOGIES LIMITED

As lead auditor for the review of LWP Technologies Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of LWP Technologies Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C R Jenkins', written in a cursive style.

C R Jenkins

Director

BDO Audit Pty Ltd

Brisbane, 29 February 2016

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income For the half-year ended 31 December 2015

	Note	December 2015 \$	December 2014 \$
Interest revenue		12,565	1,642
Administration expenses	9	(355,187)	(52,446)
Marketing and travel expenses	9	(659,798)	(75,069)
Employee benefits expenses	9	(485,779)	(208,175)
Legal expenses		(150,486)	(27,660)
Expenses relating to the advancement of proppant technology	9	(1,231,860)	(919,818)
Depreciation and amortisation expenses		(7,412)	-
Finance costs		-	(4,852)
Interest and penalties relating to disputed tax	4	-	(312,291)
Impairment of receivables	3	(452,000)	-
Gain on reversal of provision on disputed tax	4	736,626	-
Loss before income tax		(2,593,331)	(1,598,669)
Income tax expense		-	-
Loss after income tax		(2,593,331)	(1,598,669)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss)		(2,593,331)	(2,096,865)
		Cents	Cents
Earnings per share			
Basic earnings per share		(0.07)	(3.98)
Diluted earnings per share		(0.07)	(3.98)

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

BALANCE SHEET

Balance Sheet As at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		5,417,897	3,129,895
Trade and other receivables	3	256,637	16,834
Other assets		56,949	346,890
TOTAL CURRENT ASSETS		5,731,483	3,493,619
NON-CURRENT ASSETS			
Plant and equipment		163,859	12,104
TOTAL NON-CURRENT ASSETS		163,859	12,104
TOTAL ASSETS		5,895,342	3,505,723
CURRENT LIABILITIES			
Trade and other payables		177,847	136,864
Provisions	3	220,828	957,454
TOTAL CURRENT LIABILITIES		398,675	1,094,318
TOTAL LIABILITIES		398,675	1,094,318
NET ASSETS		5,496,667	2,411,405
EQUITY			
Contributed capital	4	19,238,211	13,559,618
Reserves		346,890	346,890
Accumulated losses		(14,088,434)	(11,495,103)
TOTAL EQUITY		5,496,667	2,411,405

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity For the half-year ended 31 December 2015

	Contributed Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total \$
Balance at 1 July 2014	3,263,888	(5,015,902)	-	(1,752,014)
Transactions with owners in their capacity as owners				
Contributions of capital	125,900	-	-	125,900
Share issue costs	-	-	-	-
Total	125,900	-	-	125,900
Comprehensive income				
Loss after income tax	-	(1,598,669)	-	(1,598,669)
Total comprehensive income	-	(1,598,669)	-	(1,598,669)
Balance at 31 December 2014	3,389,788	(6,614,571)	-	(3,224,783)
Balance at 1 July 2015	13,559,618	(11,495,103)	346,890	2,411,405
Transactions with owners in their capacity as owners				
Contributions of capital	6,600,000	-	-	6,600,000
Share issue costs	(921,407)	-	-	(921,407)
Total	5,678,593	-	-	5,678,593
Comprehensive income				
Loss after income tax	-	(2,593,331)	-	(2,593,331)
Total comprehensive income	-	(2,593,331)	-	(2,593,331)
Balance at 31 December 2015	19,238,211	(14,088,434)	346,890	5,496,667

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

Statement of Cash Flows For the half-year ended 31 December 2015

	Note	December 2015 \$	December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,666,099)	(1,528,701)
Interest received		12,565	1,642
Finance costs		-	(4,851)
Net cash provided by/(used in) operating activities		(2,653,534)	(1,531,910)
CASH FLOWS FROM INVESTING ACTIVITIES			
Funds advanced to other parties		(300,000)	
Payments for plant & equipment		(159,167)	-
Net cash provided by/(used in) investing activities		(459,167)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		5,742,620	125,900
Capital raising costs		(341,917)	-
Proceeds/(repayment) of borrowings		-	1,405,347
Net cash provided/(used in) by financing activities		5,400,703	1,531,247
Net increase/(decrease) in cash and cash equivalents held		2,288,002	(663)
Cash and cash equivalents at the beginning of the half year		3,129,895	26,970
Cash and cash equivalents at the end of the half year		5,417,897	26,307

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

LWP Technologies Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

Basis of preparation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2015.

This consolidated interim financial report was approved by the Board of Directors on 29 February 2016.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2015.

New and revised standards

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition and measurement of the results or financial position of the Consolidated Entity.

Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 ECOPROPP ACQUISITION ACCOUNTING AND SHARE BASED PAYMENT EXPENSE

On 24 March 2015 the Company completed the acquisition of Ecopropp Pty Ltd (Ecopropp). The consideration paid by LWP to the vendors for the purchase of 100% of Ecopropp was the issue and allotment of 1,410,000,000 fully paid ordinary LWP shares upon satisfaction of each of the three identified milestones being achieved by the respective dates as follows:

Milestones	Milestone shares	Result
1. Ecopropp demonstrates its proppant can be successfully scaled-up for production without material loss of key properties and obtains independent confirmation as to the cost of production in accordance with specified parameters.	295,000,000 shares	Achieved
2. Ecopropp completes a successful down-hole trial utilising its proppants in accordance with specified parameters.	220,000,000 shares; plus \$2.2M worth of shares at the 5 day VWAP price at the time (220,000,000 shares)	Achieved
3. A third party commits to build and operate a commercial scale proppant manufacturing facility with secured finance and a final investment decision.	350,000,000 shares; plus \$3.25M worth of shares at the 5 day VWAP price at the time (325,000,000 shares)	Achieved

The acquisition of Ecopropp resulted in Ecopropp shareholders holding a controlling interest in LWP after the transaction. This transaction did not meet the definition of a business combination in AASB 3 Business Combinations. The transaction has therefore been accounted in accordance with AASB 2 Share-based Payment and has been accounted for as a continuation of the financial statements of Ecopropp together with a deemed issue of shares. The deemed issue of shares is, in effect, a share-based payment transaction whereby Ecopropp is deemed to have received the net assets of LWP, together with the listing status of LWP.

Because the financial statements represents a continuation of the financial statements of Ecopropp, the principles and guidance on the preparation and presentation of the financial statements in a reverse acquisition set out in AASB 3 have been applied as follows:

- fair value adjustments arising at acquisition were made to LWP's assets and liabilities, not those of Ecopropp. As the carrying value of all assets and liabilities held by LWP at acquisition date approximated their fair value, no adjustments were required;
- the equity structure (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of LWP, including the equity instruments issued to effect the acquisition;
- Accumulated losses and other equity balances at acquisition date are those of Ecopropp;
- the results for the half-year ended 31 December 2015 comprise the consolidated results for Ecopropp together with the results of the wider LWP group;
- the comparative results represent the consolidated results of Ecopropp only;
- the cost of the acquisition, and amount recognised as contributed equity to affect the transaction, is based on the deemed number of shares that Ecopropp would have needed to issue to give the shareholders of LWP the same shareholding percentage in the Combined Entity that results from the transaction; and
- a share-based payment transaction arises whereby Ecopropp is deemed to have issued shares in exchange for the net assets of LWP together with the listing status of LWP. The listing status does not qualify for recognition as an intangible asset and the relevant cost has therefore been expensed as a listing expense.

The fair value of the deemed number of shares that Ecopropp would have needed to issue is estimated to be \$6,042,330. The fair value of LWP's net assets at acquisition date was \$3,035,928. Deducting this from the deemed consideration results in a listing expense of \$3,006,402. The fair value of the shares was assessed on the basis of the market value of LWP Technologies Limited's shares at acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2015	30 June 2015
	\$	\$
NOTE 3 TRADE AND OTHER RECEIVABLES		
CURRENT		
GST and other receivables	104,637	16,834
Receivables for unpaid share capital	304,000	-
Provision for impairment	(152,000)	-
Loan to Omnet Pty Ltd	300,000	-
Provision for impairment	(300,000)	-
	256,637	16,834

Receivables for unpaid share capital

\$304,000 is owed to the Company by several entities for the subscription for LWP ordinary shares. The Company believes it will ultimately recoup the full amount owed however to be conservative it has impaired the value of this receivable down to the underlying value of the shares associated with the receivables.

Loan to Omnet Pty Ltd

During the period the Company provided a short term loan to Omnet Pty Ltd. The loan had an interest rate of 48% and was due for repayment on 27th November 2015. The Company secured the loan by way of fixed and floating charge over Omnet Pty Ltd. The Company was advised on 8 October 2015 that Omnet Pty Ltd had been placed into voluntary administration. This loan has been fully provided for however the Company remains optimistic of some return.

NOTE 4 PROVISIONS

CURRENT		
Provision for Settlement of Tax Dispute	220,828	957,454

Provision for Settlement of Tax Dispute

During the 2015 financial year, the ATO provided a Statement of Position, in relation to claims made for GST and R&D, to the group for the 2011, 2012 and 2013 income years. The group did not agree with the Statement of Position and pursued a defence against the claims.

During the current period the group successfully negotiated an outcome with the ATO which resulted in final settlement of \$228,828. The reduction in the amount provided for has been recognised as a gain in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2015	30 June 2015
	\$	\$
NOTE 4 PROVISIONS (continued)		
Movements during the period		
Opening balance	957,454	645,163
Gain on settlement of dispute	(736,626)	-
Potential interest and penalties provided for	-	312,291
	228,828	957,454

NOTE 5 CONTRIBUTED CAPITAL

Fully paid ordinary shares	19,238,211	13,559,618
----------------------------	------------	------------

	December 2016	June 2015	December 2016	June 2015
	Number	Number	\$	\$
Movements during the period				
Balance at beginning of period	2,152,323,288	44,596,400	13,559,618	3,263,888
Issue of shares in Ecopropp Pty Ltd ¹	-	405,000	-	40,500
Reversal of existing share on acquisition	-	(45,001,400)	-	-
LWP shares on acquisition of Ecopropp	-	604,233,025	-	6,042,330
Milestone shares issued to Ecopropp vendors	1,054,282,073	295,000,000	-	-
Issue of shares in LWP Technologies Limited ²	711,411,331	1,253,090,263	6,600,000	4,316,752
Share issue costs	-	-	(921,407)	(103,852)
Balance at end of period	3,918,016,692	2,152,323,288	19,238,211	13,559,618

¹ June 2015: 405,000 shares issued at \$0.010 per share

² Dec 2015: 711,411,331 shares issued at prices between \$0.01 and \$0.011 per share
June 2015: 1,253,090,263 shares issued at prices between \$0.0032 and \$0.0110 per share

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Other Equity Instruments

Share Options

Details of options on issue during the half year (and issued in previous periods) are set out below:

Expiry Date	Exercise Price	Movements				31 December 2015
		1 July 2015	Issued	Exercised	Expired	
3 October 2016	\$0.50	1,000,000	-	-	-	1,000,000
28 November 2016	\$0.50	1,000,000	-	-	-	1,000,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CONTRIBUTED CAPITAL (continued)

Performance Rights

Details of performance rights on issue during the half year (and issued in previous periods) are set out below:

Expiry Date	Vesting Price	Movements				31 December 2015
		1 July 2015	Issued	Exercised	Expired	
25 June 2019	\$0.022	8,092,500	-	-	-	8,092,500
25 June 2019	\$0.033	13,280,000	-	-	-	13,280,000

NOTE 6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group currently has action commenced against it in the Supreme Court of Queensland by Sean Rose Holdings Pty Ltd trading as Redcliffe Wreckers. Their initial application for an injunction against the company was dismissed, but they are progressing to a claim for unspecified damages. The company does not believe this will be successful.

Otherwise there are no contingent liabilities or contingent assets.

NOTE 7 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, developing and commercialising a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

NOTE 8 EVENTS AFTER BALANCE DATE

There have been no significant events post balance date.

NOTE 9 SIGNIFICANT ITEMS

The significant increases over the comparative half year in various expenses including Administrative, Marketing/Travel, Advancement of Proppant Technology and Employee Benefits are due to:

- Company conducting an international road show promoting its technology to potential licensees;
- Appointing various key roles including the Chief Executive Officer, US Company President and various other non key management personnel to assist in advancing the company's technology;
- Running the pilot plant at Clontarf to assist with proving the technology and allowing for the subsequent independent testing of the proppants as announced to the market;
- Provision of a benefit to an employee of \$321,500 relating to milestone and successful completion of Pilot Plant; and
- Incurring a range of costs in pursuing the company's strategy.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors opinion:

- (a) the attached financial statements and notes *as set out on pages 5 to 13 are in accordance with the Corporations Act 2001 and:*
 - (i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Director

Brisbane
29 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LWP Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of LWP Technologies Limited, which comprises the balance sheet as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 LWP Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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*, which has been given to the directors of LWP Technologies Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'C R Jenkins', written over a faint, larger signature that is mostly obscured.

C R Jenkins

Director

Brisbane, 29 February 2016