

24 February 2021

Company Announcements

For Immediate Release

ASX Code: CT1

APPENDIX 4D AND INTERIM FINANCIAL REPORT

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

1. Appendix 4D; and
2. Interim Financial Report for the half year ended 31 December 2020.

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

Authorised for release by the Board

ASX LISTING RULES – APPENDIX 4D

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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

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

| | |
|-------------------------------|--|
| Current reporting period | - the half year ended 31 December 2020 |
| Previous corresponding period | - the half year ended 31 December 2019 |

2. Results for announcement to the market

| Half year ended | 31 Dec 2020 | 31 Dec 2019 | Increase / (Decrease) | |
|---|-------------|-------------|-----------------------|--------|
| | \$ | \$ | \$ | % |
| 2.1 Revenues from ordinary activities | 780,506 | 298,381 | 482,125 | 161.58 |
| 2.2 Loss from ordinary activities after tax attributable to members | (1,525,196) | (757,400) | 767,796 | 101.37 |
| 2.3 Net loss for the period attributable to members | (1,525,196) | (757,400) | 767,796 | 101.37 |
| 2.4 Dividends (distributions) | | | | |
| Nil | | | | |
| 2.5 Record date for determining entitlements to the dividend | | | | |
| Nil | | | | |
| 2.6 Commentary on “Results for Announcement to the Market” | | | | |

A brief explanation of any of the figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Interim Financial Report for the Half Year ended 31 December 2020.

3. Net tangible assets per security

| Half year ended | 31 Dec 2020 | 31 Dec 2019 | Increase / (Decrease) | |
|----------------------------------|-------------|-------------|-----------------------|---------|
| | cents | cents | cents | % |
| Net tangible assets per security | 0.24 | 0.29 | (0.05) | (18.56) |

The net tangible asset backing per ordinary security of 0.24 cents presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset backing per security, as at 31 December 2020, would reduce to 0.23 cents if right-of-use assets were excluded, and right-of-use liabilities were included in the calculation.

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

During the half-year ended 31 December 2020, non-operating entities Agen Limited and Agen Biomedical Limited were derecognised from the Group.

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

Nil

6. Details of any dividend distribution reinvestment plans.

Nil

7. Details of any associates and joint venture entities.

Nil

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

Not Applicable.

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

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

constellation
technologies



making data make sense

Constellation Technologies Limited

ACN 009 213 754

**Interim Financial Report for the Half Year Ended
31 December 2020**

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Directors Report

Your Directors submit the consolidated interim financial statements of Constellation Technologies Limited (“CT1” or the “Company”) and its controlled entities (the “Group”) for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors and officers

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

| | |
|--------------------|-------------------------------------|
| Mr Leath Nicholson | Chairman and Non-Executive Director |
| Mr Adam Gallagher | Executive Director |
| Mr Anoosh Manzoori | Non-Executive Director |
| Ms Terri Bakos | CFO and Company Secretary |

Review and results of operations

Overview

The first half of the financial year has seen sales activities and contract wins in our current primary focus markets of China and Australia. USA, India and other markets are also prospective with current trials, existing clients and business development activities in those regions being coordinated from Australia.

The Company continues to focus on supporting the strategic partners (announced 11 December 2019) to achieve their revenue hurdles as a means to reaching a strong commercial and financial foundation from which to grow in future years.

Through these efforts the technical team is rapidly building out the Company’s core IoT platform – MeridianCT (MCT) Platform – to deploy and support a wide range of industrial IoT solutions.

COVID-19 has impacted on the movement and number of opportunities in the project pipeline in all regions. To offset this however the team has focused on geographies and specific opportunities that have been able to proceed during the pandemic. CT1 is fortunate to now cover a broader number of industry sectors and geographies with its platform and digital solutions that assists in spreading the risk profile in the event of the major macro disruptions caused by the COVID-19 pandemic.

Deployments of our original cold chain solution to a number of existing customers are steadily increasing as well as the prospect of larger new opportunities across the food and healthcare industries.

China

Since the formal opening of the Beijing office and the announcement of the first contract win in that market in June 2020, the Company has so far secured a further six contracts in China. The initial projects involve various industrial IoT applications in the Water utilities space including asset monitoring and maintenance, and operational integration of IoT data with existing plant and personnel systems.

The projects have provided the company with an opportunity to develop new industrial applications in the world’s largest technology market at a time when there is a major national push across government and industry towards the digital economy, that is in essence driven by IoT innovation. Through the developing commercial relationships in China, the Company is seeking to deploy its IoT technology in the emerging Smart Cities sector.

Directors Report continued ...

Australia

Consistent with the Company's strategy, the applications and platform functionality developed and launched in China has already been leveraged to showcase the new solutions to the Australian market. The Company has recently deployed the MeridianCT (MCT) platform to support a network of over 160 cameras applied to surface water monitoring for a client that services councils and water utilities across Queensland. In turn, this has led to pilot discussions with several councils that are pursuing Smart Cities projects with a view to developing their applications on the MCT Platform.

Team

To service our current and near-term pipeline projects the team has increased significantly mostly in India though also in Australia and China. The team has grown in number from around 40 people at the end of 2019 to over 70 today. While the team is expanding, cost control remains an ongoing focus for the Group. The necessary move to remote working in the last twelve months has positively contributed to direct cost control as well as overall productivity improvements in India and Australia. The China team continues to work most effectively in an office environment.

A dedicated sales resource was added in Australia in September 2020, which has helped to build the pipeline in both scale and diversity of projects. Additionally, project management and other resources have been added to improve workflows between China based projects and our Australian and India teams.

Cold Chain application

The global roll-out of 'temperature and handling' sensitive vaccine doses has significantly elevated the general public awareness of the importance of maintaining the integrity of the Cold Chain. The World Health Organisation estimates that as much as half of vaccines globally are lost to wastage, sometimes due to heat exposure or vials breaking while in transit.

The Company is working with its existing health sector clients, that includes facilities involved in the first round of Australian vaccine shipments, to help ensure cold chain integrity through application of its Cold Chain IoT solution.

Corporate

As noted in the quarterly activities report released on 29 January 2021, the Company continues to assess acquisition opportunities that are consistent with the Company's existing strategy to expand the IoT and digital solutions offerings and accelerate commercial objectives in the Smart Cities sector. The Company has been active on a specific opportunity in the first half that remains incomplete at this time.

Financial

During the half year ended 31 December 2020, the Group reported a loss of \$1,525,196 compared to \$757,400 in the comparative period in 2019. However, revenue increased by 161.58% to \$780,506 (31 December 2019: \$298,381).

The increased comparative loss over the prior period is due to the Company expanding its operations into China and building support services in India and Australia.

The Group's net asset position decreased to \$3,243,136 at 31 December 2020 (30 June 2020: \$4,426,941). This decrease was due to the Company holding \$1,436,293 of shareholder funds on trust pending their conversion to equity.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

Directors Report continued ...

Subsequent events

On 29th January 2021, the Company announced the signing of several new sales contracts based in China for wetlands monitoring and waste water applications.

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

Likely developments and expected results of operations

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

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, in relation to the review for the half year ended 31 December 2020, is provided with this report.

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



Mr Adam Gallagher
Executive Director and CEO

24 February 2021

Auditor's Independence Declaration

PKF Brisbane Audit



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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

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

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

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'S Lindemann', is written over a light blue horizontal line.

SHAUN LINDEMANN
PARTNER

24 FEBRUARY 2021
BRISBANE

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2020

| | Notes | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|---|-------|-------------------|-------------------|
| Revenue from contracts with customers | 3 | 780,506 | 298,381 |
| Cost of sales | | (719,512) | (136,797) |
| Gross profit | | 60,994 | 161,584 |
| Other gains/(losses) – net | 4a | 80,991 | (1,352) |
| Distribution costs | | (4,653) | (7,619) |
| General and administrative expenses | 4b | (1,455,983) | (859,544) |
| Research and development expenses | | (186,179) | (45,193) |
| Selling and marketing expenses | | (20,908) | (5,711) |
| Operating loss | | (1,547,033) | (757,835) |
| Finance income | | 1,459 | 435 |
| Finance costs | | (917) | - |
| Finance costs - net | | 542 | 435 |
| Loss before income tax | | (1,525,196) | (757,400) |
| Income tax expense | | - | - |
| Loss for the period | | (1,525,196) | (757,400) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss;</i> | | | |
| Exchange differences on translation of foreign operations | | 34,004 | (23,529) |
| | | (1,491,192) | (780,929) |
| Loss per share for loss attributable to the ordinary equity holders of the company | | Cents | Cents |
| Basic/Diluted loss per share | 10 | (0.16) | (0.12) |

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

Consolidated Statement of Financial Position

as at 31 December 2020

| | Notes | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--|-------|-------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 4,104,029 | 4,405,173 |
| Trade and other receivables | 6a | 249,385 | 77,182 |
| Other | 7 | 650,756 | 224,496 |
| Total current assets | | 5,004,170 | 4,706,851 |
| Non-current assets | | | |
| Trade and other receivables | 6a | 28,821 | - |
| Property, plant and equipment | | 151,152 | 82,152 |
| Other | 7 | 6,458 | 20,208 |
| Total non-current assets | | 186,431 | 102,360 |
| Total assets | | 5,190,601 | 4,809,211 |
| Current liabilities | | | |
| Trade and other payables | 6b | 382,759 | 238,667 |
| Lease liabilities | | 35,599 | 43,746 |
| Provisions | | 78,904 | 38,526 |
| Contract liabilities | 3 | 13,910 | 25,050 |
| Other liabilities | 6c | 1,436,293 | - |
| Liabilities directly associated with discontinued operations | | - | 21,658 |
| Total current liabilities | | 1,947,465 | 367,647 |
| Non-current liabilities | | | |
| Lease liabilities | | - | 14,622 |
| Total non-current liabilities | | - | 14,622 |
| Total liabilities | | 1,947,465 | 382,269 |
| Net assets | | 3,243,136 | 4,426,942 |
| Equity | | | |
| Contributed equity | 8 | 16,651,149 | 16,390,763 |
| Reserves | 9 | 926,981 | 845,977 |
| Accumulated losses | | (14,334,994) | (12,809,798) |
| Total equity | | 3,243,136 | 4,426,942 |

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

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2020

| | Notes | Share Capital \$ | Reserves \$ | Accumulated Losses \$ | Total equity \$ |
|--|-------|---------------------|----------------|-----------------------------|--------------------|
| At 1 July 2019 | | 9,644,401 | 154,424 | (10,349,365) | (550,540) |
| Loss for the period | | - | - | (757,400) | (757,400) |
| Other comprehensive income | | - | (23,529) | - | (23,529) |
| Total comprehensive loss for the period | | - | (23,529) | (757,400) | (780,929) |
| Transactions with owners in their capacity as owners: | | | | | |
| Shares issued, net of transaction costs | | 4,190,882 | - | - | 4,190,882 |
| Shared based payments | | - | - | - | - |
| Write-back of equity | | (463,443) | - | 463,443 | - |
| | | 3,727,439 | - | 463,443 | 4,190,882 |
| As at 31 December 2019 | | 13,371,840 | 130,895 | (10,643,322) | 2,859,413 |
| At 1 July 2020 | | 16,390,763 | 845,977 | (12,809,798) | 4,426,942 |
| Loss for the period | | - | - | (1,525,196) | (1,525,196) |
| Other comprehensive income | | - | 34,004 | - | 34,004 |
| Total comprehensive income for the period | | - | 34,004 | (1,525,196) | (1,491,192) |
| Transactions with owners in their capacity as owners: | | | | | |
| Shares issued, net of transaction costs | | 260,386 | - | - | 260,386 |
| Share based payments | | - | 47,000 | - | 47,000 |
| | | 260,386 | 47,000 | - | 307,386 |
| As at 31 December 2020 | | 16,651,149 | 926,981 | (14,334,994) | 3,243,136 |

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2020

| | Notes | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|-------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 687,900 | 274,440 |
| Payments to suppliers and employees | | (2,233,294) | (576,747) |
| Interest paid | | (917) | - |
| Interest received | | 1,459 | 438 |
| Other income receipts | | 58,812 | - |
| Net cash flows used in operating activities | | (1,486,041) | (301,869) |
| Cash flows from investing activities | | | |
| Payments for purchases of property plant and equipment | | (95,116) | (577) |
| Payments for deposits | | (402,624) | - |
| Net cash flows used in investing activities | | (497,740) | (577) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of shares | | 226,386 | 3,985,801 |
| Funds received pending issue of equity | | 1,436,293 | - |
| Repayment of lease liabilities | | (20,818) | - |
| Net cash flows provided by financing activities | | 1,641,861 | 3,985,801 |
| Net increase/(decrease) in cash and cash equivalents | | (341,920) | 3,683,355 |
| Cash and cash equivalents, at beginning of period | | 4,405,173 | 40,854 |
| Effects of exchange changes on the balances held in foreign currencies | | 40,776 | (6,001) |
| Cash and cash equivalents, at the end of period | 5 | 4,104,029 | 3,718,208 |

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

Notes to the Financial Statements

for the half year ended 31 December 2020

Note 1 – Significant Accounting Policies

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

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Constellation Technologies Limited and its controlled entities (referred to as "the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

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

(b) Going concern

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

As disclosed in the interim financial statements, the Group is in a net asset position of \$3,243,136 (30 June 2020: \$4,426,942), net current asset position of \$3,056,705 (30 June 2020: \$4,339,204) and has net operating cash outflows of \$1,486,041 (31 December 2019: \$302,307). The Group generated a loss after tax for the half year of \$ 1,525,196 (31 December 2019: \$757,400). The Group held a cash position of \$4,104,029 at 31 December 2020 (30 June 2020: \$ 4,405,173).

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

- Sales have increased 161.58% over the corresponding period.
- During the past 6 months, 15,092,384 CT1 options have been exercised, generating \$226,386. There remains outstanding 492,534,822 CT1 options considered 'in the money' and expire up to June 2022. If exercised, this would generate up to \$7.3m for the Company.
- The Company has successfully raised \$5.9m over the past 18 months from capital raising activities and believes it has the ability to raise additional funds from shareholders should the Company require additional funds.
- The group is incurring a rate of expenditure designed to enhance its prospects in generating growth in sales locally and in China. In the event that the group encounters any difficulties in raising capital, the board is comfortable that the current levels of expenditure can be scaled back to preserve cash, and
- The group continues to apply different measures to control its expenditure to preserve cash and working capital. The Company having the ability to negotiate payment in equity in lieu of cash with its consultants and suppliers, also improves the group's cash coverage.

Note 1 – Significant Accounting Policies (continued)**(c) New Standards, interpretations and amendments adopted by the Group**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020. No new accounting policies have been adopted for the current period.

Note 2 – Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The CODM who is responsible for allocation of resources and assessing performance of the operating segments has been identified as the Chief Executive Officer (CEO) of Constellation Technologies Limited. The Group has identified one reportable segment: that is, the development, commercialisation and sale of Internet of Things (IoT) technology solutions. The segment details are therefore fully reflected in the body of the financial statements.

Note 3 – Revenue from Contracts with Customers

| | Monitor tag revenue \$ | Monitoring subscription service \$ | Consulting revenue \$ | Labour hire revenue \$ | Total \$ |
|--------------------------------------|------------------------------|---|-----------------------------|------------------------------|----------------|
| Half year to 31 December 2020 | | | | | |
| <i>Timing of revenue recognition</i> | | | | | |
| At a point in time | - | - | 4,520 | 138,495 | 143,015 |
| Over time | 7,550 | 96,879 | 533,062 | - | 637,491 |
| | 7,550 | 96,879 | 537,582 | 138,495 | 780,506 |
| Half year to 31 December 2019 | | | | | |
| <i>Timing of revenue recognition</i> | | | | | |
| At a point in time | - | - | 66,579 | 130,396 | 196,975 |
| Over time | 17,370 | 84,036 | - | - | 101,406 |
| | 17,370 | 84,036 | 66,579 | 130,396 | 298,381 |

Note 3 – Revenue from Contracts with Customers (continued)

| | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Contract liabilities – deferred revenue on consulting contracts | 13,910 | 10,250 |

Note 4: Expense Items

| | Note | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------------|------|-------------|-------------|
| | | \$ | \$ |
| a) Other gains | | | |
| Net foreign exchange gains(losses) | | 884 | 1,352 |
| Government cash incentives | | 55,595 | - |
| Gain on deconsolidation of entities | 15 | 21,295 | - |
| Other non-operating income | | 3,217 | - |
| | | 80,991 | 1,352 |

b) Breakdown of expenses by nature

| | | |
|--------------------------------------|-----------|---------|
| Accounting and audit | 8,513 | 39,231 |
| Bad debts and expected credit losses | 6,702 | 15,486 |
| Computer costs | 34,568 | 45,084 |
| Consulting | 98,711 | 104,094 |
| Depreciation | 24,165 | 1,774 |
| Employee benefits | 857,296 | 178,725 |
| Insurance | 29,382 | 25,757 |
| Legal | 38,311 | 115,457 |
| Listing and share registry | 51,489 | 52,159 |
| Occupancy | 26,275 | 50,702 |
| Share-based payments | 76,246 | 155,000 |
| Superannuation | 52,276 | 12,089 |
| Travel and entertainment | 11,951 | 33,154 |
| Other | 140,098 | 30,832 |
| | 1,455,983 | 859,544 |

Note 5: Cash & Cash Equivalents

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--|-------------------|-------------------|
| Cash at bank and in hand | 2,667,736 | 4,405,173 |
| Cash held in trust pending issue of securities | 1,436,293 | - |
| | 4,104,029 | 4,405,173 |

Note 6: Financial Assets & Liabilities**a) Trade and other receivables**

| | 31 December 2020 | | | 30 June 2020 | | |
|--------------------------|------------------|---------------|----------------|---------------|-------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Trade receivables | 194,905 | 28,821 | 223,726 | 59,773 | - | 59,773 |
| Provision for impairment | (7,027) | - | (7,027) | (7,027) | - | (7,027) |
| | 167,878 | 28,821 | 216,699 | 52,746 | - | 52,746 |
| Other receivables | 61,507 | - | 61,507 | 24,436 | - | 24,436 |
| Total | 249,385 | 28,821 | 278,206 | 77,182 | - | 77,182 |

b) Trade and other payables

| | | | | | | |
|------------------|----------------|----------|----------------|----------------|----------|----------------|
| Trade payables | 257,899 | - | 257,899 | 130,659 | - | 130,659 |
| Accrued expenses | 99,287 | - | 99,287 | 81,097 | - | 81,097 |
| Other payables | 25,573 | - | 25,573 | 26,911 | - | 26,911 |
| Total | 382,759 | - | 382,759 | 238,667 | - | 238,667 |

Note 6 – Financial Assets & Liabilities (continued)**c) Other liabilities**

| | 31 December 2020 | | | 30 June 2020 | | |
|-----------------------|------------------|-------------|-----------|--------------|-------------|-------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Shareholder liability | 1,436,293 | - | 1,436,293 | - | - | - |
| | 1,436,293 | - | 1,436,293 | - | - | - |

Shareholder liability: At 31 December 2020 the Company held shareholder funds in trust pending the issue of ordinary shares subsequent to 31 December 2020.

Note 7: Non-Financial Assets & Liabilities**a) Other assets**

| | 31 December 2020 | | | 30 June 2020 | | |
|-------------------|------------------|--------------|----------------|----------------|---------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Prepayments | 107,960 | 6,458 | 114,418 | 135,543 | 20,208 | 156,751 |
| Consumables | 110,966 | - | 110,966 | 46,634 | - | 46,634 |
| Deposits | 395,849 | - | 395,849 | - | - | - |
| Security Deposits | 35,981 | - | 35,981 | 39,318 | - | 39,318 |
| Total | 650,756 | 6,458 | 657,214 | 224,495 | 20,208 | 224,703 |

Note 8 - Equity

a) Share capital

i) Movements in ordinary shares

| | 31 Dec 2020 No. | 31 Dec 2020 \$ | 30 June 2020 No. | 30 June 2020 \$ |
|------------------------------|--------------------|-------------------|---------------------|--------------------|
| Ordinary shares – fully paid | 1,364,152,046 | 16,651,149 | 1,347,887,247 | 16,390,762 |

| Details | No. of Shares | \$ |
|--|----------------------|-------------------|
| Balance at 1 July 2020 | 1,347,887,247 | 16,390,763 |
| Issue of securities at \$0.029 each - ESOP | 1,172,415 | 34,000 |
| Exercise of options | 15,092,384 | 226,386 |
| Balance at 31 December 2020 | 1,364,152,046 | 16,651,149 |

ii) Ordinary shares

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

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

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

iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the period and outstanding at balance date are set out in note 9 below.

Note 9 - Reserves

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

| | Share based payments \$ | Foreign currency translation \$ | Total \$ |
|--|-------------------------------|---------------------------------------|----------------|
| Balance at 1 July 2019 | 162,325 | (7,901) | 154,424 |
| Currency translation differences | - | (23,529) | (23,529) |
| Other comprehensive income for the period | | | |
| Transactions with owners in their capacity as owners | | | |
| Share-based payment expenses | - | - | - |
| Balance at 31 December 2019 | 162,325 | (31,430) | 130,895 |

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

Note 9 - Reserves (continued)

a) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, employees and eligible contractors.

Foreign currency translation

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

b) Movement in options and rights

| | 31 Dec 2020 No. | 31 Dec 2020 \$ | 30 June 2020 No. | 30 June 2020 \$ |
|------------------------------------|--------------------|-------------------|--|--------------------|
| Options and rights | 500,531,105 | 1,001,493 | 537,892,989 | 954,493 |
| | | | <i>No. of Options & Rights</i> | <i>\$</i> |
| Balance at 1 July 2020 | | | 537,892,989 | 954,493 |
| Exercise of Options i) | | | (15,092,384) | - |
| Issue of Performance Rights ii) | | | 1,620,691 | 47,000 |
| Lapse of Options iii) | | | (23,890,191) | - |
| Balance at 31 December 2020 | | | 500,531,105 | 1,001,493 |

- i) Exercise of Options at \$0.015 each on or before 14 November 2022.
- ii) On the 2 September 2020 Performance Rights were issued under the Company's ESOP. These rights vest up to 1 July 2021.
- iii) Lapse of Options exercisable at \$0.03 and \$0.10 each.

Note 10 – Loss per Share

a) Reconciliation of earnings used in calculating loss per share

| | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Loss attributable to the ordinary equity holders of the company used in calculating loss per share: | | |
| - From continuing operations | (1,546,491) | (757,400) |

b) Weighted average number of shares used as denominator

| | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic and diluted loss per share | 975,109,230 | 606,424,531 |

The outstanding options as at 31 December 2020 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares.

Note 11 - Contingencies

The Group has no contingent liabilities at 31 December 2020 (31 December 2019: Nil)

Note 12 – Related Party Transactions

| | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Office rent and outgoings paid on an arm's length commercial basis to FNJ Properties, a company associated with Leath Nicholson in respect of the Melbourne office premises. | 6,000 | 24,000 |
| Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with Leath Nicholson. | 25,364 | 109,173 |

Note 13 – Transactions with Significant Parties

During the 6 months to 31 December 2020, 100% of the revenue derived by the Company's wholly owned China subsidiary was attributed to contracts with Beijing North China Zhongqing Environmental Engineering Technology Co., Ltd (BHZQ). Mr Zhigang Zhang and Mr Xiaoni Bao hold employment positions with BHZQ. Mr Zhigang Zhang and Mr Bao are shareholders of Constellation Technologies Limited. Mr Bao also acts as the General Manager and Legal Representative of the Company's wholly owned China subsidiary.

Note 14 – Events occurring subsequent to report date

On 29th January 2021, the Company announced the signing of several new sales contracts based in China for wetlands monitoring and waste water applications.

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

Note 15 – Deconsolidation of entities

Non-operating entities, Agen Limited and Agen Biomedical Limited, who had previously been classified as discontinued operations, were deconsolidated from the Group as of 1 July 2020 due to the finalisation of the deregistration process and settlement of outstanding liabilities. The Company recognised a gain of \$21,295 on finalisation of this process.

Directors Declaration

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

- a. the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards and *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the consolidated entities financial position as at 31 December 2020 and of its performance for the half year ended on that date.
- b. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Mr Adam Gallagher
Executive Director

24 February 2021

Auditor's Report

PKF Brisbane Audit



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

Conclusion

We have reviewed the accompanying half-year financial report of Constellation Technologies Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Constellation Technologies 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 2020, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Independence

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

Responsibility of the Directors for the Financial Report

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

PKF Brisbane Audit ABN 33 873 151 348

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'S Lindemann', is written over a light blue horizontal line.

SHAUN LINDEMANN
PARTNER

24 FEBRUARY 2021
BRISBANE

Corporate Directory

Directors

Mr Leath Nicholson (Chairman and Non-Executive Director)
Mr Adam Gallagher (Executive Director)
Mr Anoosh Manzoori (Non-Executive Director)

Executive Management

Mr Kartheek Munigoti (General Manager)
Ms Terri Bakos (CFO & Company Secretary)

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Auditor

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Nicholson Ryan Lawyers
Level 7, 420 Collins Street
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Telephone: +61 3 9640 0400

Bankers

Westpac Banking Corporation
150 Collins Street
Melbourne VIC 3000

Stock Exchange Listing

Constellation Technologies Limited shares are listed on the Australian Securities Exchange, code: CT1

Website

www.ct1limited.com