

23 February 2023

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 2022.**

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 2022

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

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

Current reporting period - the half year ended 31 December 2022
Previous corresponding period - the half year ended 31 December 2021

2. Results for announcement to the market

Half Year ended		31 Dec 2022	31 Dec 2021	Increase / (Decrease)	
		\$	\$	\$	%
2.1	Revenues from ordinary activities	699,261	361,634	337,627	93.36
2.2	Loss from continuing operations	(220,058)	(897,961)	(677,903)	(75.49)
	Gain/(Loss) from discontinued operations	157,777	(1,144,022)	(1,301,799)	(113.79)
2.3	Net loss for the period attributable to members	(62,281)	(2,041,983)	(1,979,702)	(96.95)
2.4	Dividends (distributions)				
	Nil				
2.5	Record date for determining entitlements to the dividend				
	Nil				
2.6	Commentary on “Results for Announcement to the Market”				
	A brief explanation of any of the figures in 2.1 to 2.4 above is contained in the attached Interim Financial Report for the Half Year ended 31 December 2022.				

3. Net tangible assets per security

Half Year ended		31 Dec 2022	31 Dec 2021	Increase / (Decrease)	
		cents	cents	cents	%
	Net tangible assets per security	0.06	0.07	(0.01)	11.65

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

Nil

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

Nil

6. Details of any dividend distribution reinvestment plans

Nil

7. Details of any associates and joint venture entities

Nil

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

There has been no change since 30 June 2022.

Refer to note 12 of the 2022 Annual Financial Report for details of investments in foreign subsidiaries.

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

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



**Constellation Technologies
Limited**

**Interim Financial Report
for the Half Year Ended
31 December 2022**

ABN 58 009 213 754

Constellation Technologies Limited

ABN 58 009 213 754

Interim Financial Report – 31 December 2022

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Corporate Directory

Directors

Mr Kartheek Munigoti

Executive Director and Chief Executive Officer

Mr Raymond Malone

Independent Non-Executive Chairman

Mr Leath Nicholson

Independent Non-Executive Director

Mr Anoosh Manzoori

Independent Non-Executive Director

Company Secretary

Ms Terri Bakos

Principal registered office and principal place of business

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

Share register

Advanced Share Registry Ltd

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

Auditor

PKF Brisbane Audit

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

Solicitors

Nicholson Ryan Lawyers Pty Ltd

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

Bankers

Westpac Banking Corporation

150 Collins Street
Melbourne VIC 3000 Australia

Stock exchange listings

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

Website

<https://www.ct1limited.com>

Directors Report

Your directors submit the consolidated interim financial statements of Constellation Technologies Limited ("CT1" or the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2022. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors and Company Secretary

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

Mr Ray Malone, Independent Non-Executive Chairman.

Mr Kartheek Munigoti, Executive Director and Chief Executive Officer

Mr Leath Nicholson, Independent Non-Executive Director

Mr Anoosh Manzoori, Independent Non-Executive Director

Ms Terri Bakos, Chief Financial Officer and Company Secretary

Review and Results of Operations

Operations

Callisto

The Callisto device is a small, discreet monitoring box that can monitor temperature (to -80c) and humidity, detect gases and track via RTD.

When placed inside a fridge, cool-room, container box or cellar, the device can gather data in real time, alerting a user to any anomalies as they occur 24/7. Being battery operated and independent of Wi-Fi connections (if IoT model chosen), the device will continue to monitor even if there is no power.

Due to its size and portability, Callisto is an ideal retro fit solution for multiple industry verticals. Over the past six months there has been a steady increase in the uptake of the temperature monitoring solution across multiple verticals including Hospitals, Universities & Research labs, Pharmacies and Clubs /Restaurants, including a small installation in a large casino in Las Vegas, USA.

- **Hospitals**

Existing and new health service providers continue to utilise the Callisto solution to monitor food and drug refrigeration facilities, including COVID vaccine monitoring to -80c.

- **Commercial Kitchens**

Callisto is successfully being utilised in commercial kitchens across Australia to monitor temperature. The Company recently extended its commercial product offering to include process monitoring, spot temperature checks and compliance monitoring which are critical for commercial kitchens. This now makes Callisto an essential holistic solution in a commercial environment.

Directors Report continued...

- **Pharmacies**

During the period, Gold Cross, who are owned by the Pharmacy Guild of Australia, have endorsed the Callisto temperature product for use by its 5,000 + member pharmacies across Australia. Both parties will work together to promote the Callisto product to members to monitor their drug refrigeration and provide compliance reporting. The Callisto product is ideal for pharmacies due to its compact size, 24/7 monitoring feature and compliance reporting processes.

- **Hospitality**

The company recently completed a small installation into a large Casino in Las Vegas, USA in conjunction with its USA distribution partner. The Company is working with its distribution partner to expand the rollout to other Casino's in the Las Vegas area.

- **Universities and Research laboratories**

Due to the versatility of the Callisto device and ability to attach multiple sensors such as Humidity, RTD and gas sensors, Callisto is an ideal solution to deploy in research labs and universities to track specimens, cool rooms and ambient temperature.

New Hardware

The Company has now completed research and testing on its 4th Generation Callisto hardware. Callisto Gen4 has significantly longer battery life, higher capacity and better RF range. The new model now supports both LoRa and NB-IoT in the one unit making Callisto a versatile solution for all industries or verticals.

MCT Platform

Interest in the MeridianCT Platform (MCT) continues to increase. The Company continues to undertake paid trials and development of the Platform with clients & partners to utilise the product across a variety of industrial and commercial verticals, including Disaster Monitoring, Structural Monitoring, Bio-Medicine and industrial process monitoring.

The Company has recently expanded MCT to include refrigeration controller integration, energy monitoring and building management systems.

Directors Report continued...

Financial results

Group revenue from continuing operations for the period has increased 93.36% over the prior period to \$699,261 (2021: \$361,634). The Group loss from continuing operations has improved by 75.49% over the prior period at \$220,058 (2021: \$897,963). The improvement is attributed to organic growth in sales of the Company's Callisto product & platform and new development projects associated with the MeridianCT Platform.

The Group held net assets of \$909,818 as at 31 December 2022 (June 2022: \$989,340) and cash reserves of \$878,130 (June 2022: \$524,364).

Significant changes in the state of affairs

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

Subsequent Events

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

Likely developments and expected results of operations

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

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



Mr Kartheek Munigoti

Executive Director and Chief Executive Officer

Melbourne

23 February 2023

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

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

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

23 FEBRUARY 2023
BRISBANE

PKF Brisbane Audit ABN 33 873 151 348

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
<i>Revenue from continuing operations</i>			
Revenue from contracts with customers	2a	699,261	361,634
Cost of sales		(252,549)	(232,884)
Gross profit/(loss)		446,712	128,750
Other gains/(losses) - net	3a	615	140,326
Distribution costs		(2,548)	(1,198)
General and administrative expenses	3b	(578,546)	(1,000,997)
Research and development expenses		(85,688)	(148,611)
Selling and marketing expenses		(721)	(16,237)
Operating loss		(220,176)	(897,967)
Finance income		118	6
Finance expense		-	-
Finance costs - net		118	6
Loss before income tax		(220,058)	(897,961)
Income tax expense		-	-
Loss from continuing operations		(220,058)	(897,961)
Gain/(Loss) from discontinued operations	7	157,777	(1,144,022)
Loss for the period		(62,281)	(2,041,983)
Net loss attributable to equity holders of the company		(62,281)	(2,041,983)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(17,241)	26,575
Total comprehensive loss for the period, net of tax		(79,522)	(2,015,408)
Total comprehensive loss attributable to equity holders of the company		(79,522)	(2,015,408)

		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic/diluted earnings per share	11	(0.004)	(0.14)
Loss per share – continuing operations:			
Basic/diluted earnings per share	11	(0.015)	(0.06)

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	4a	878,130	524,364
Trade and other receivables	4b	197,283	759,889
Inventory		15,951	24,638
Other	5a	97,135	58,142
Total current assets		1,188,499	1,367,033
Non-current assets			
Property, plant and equipment		10,449	11,396
Total non-current assets		10,449	11,396
Total assets		1,198,948	1,378,429
Liabilities			
Current liabilities			
Trade and other payables	4c	205,539	152,657
Provisions		83,591	65,261
Contract liabilities	2b	-	12,000
Liabilities directly associated with discontinuing operations	7	-	159,171
Total current liabilities		289,130	389,089
Total liabilities		289,130	389,089
Net assets		909,818	989,340
Equity			
Share capital	6a	18,283,350	18,283,350
Reserves	6b	690,674	707,915
Accumulated losses		(18,064,206)	(18,001,925)
Total equity		909,818	989,340

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	Notes	Share Capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
At 1 July 2021		18,196,600	762,670	(15,947,619)	3,011,651
Loss for the period		-	-	(2,041,983)	(2,041,983)
Other comprehensive income		-	26,575	-	26,575
Total comprehensive loss for the period		-	26,575	(2,041,983)	(2,015,408)
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		86,750	(37,250)	-	49,500
		86,750	(37,250)	-	49,500
Balance at 31 December 2021		18,283,350	751,995	(17,989,602)	1,045,743
At 1 July 2022		18,283,350	707,915	(18,001,925)	989,340
Loss for the period		-	-	(62,281)	(62,281)
Other comprehensive income		-	(17,241)	-	(17,241)
Total comprehensive loss for the period		-	(17,241)	(62,281)	(79,522)
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		-	-	-	-
		-	-	-	-
Balance at 31 December 2022		18,283,350	690,674	(18,064,206)	909,818

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows related to operating activities			
Receipts from customers		672,783	518,240
Payments to suppliers and employees		(935,400)	(2,089,723)
Interest paid		-	(146)
Other income receipts		635,830	143,975
Net cash provided by/(used in) operating activities		373,213	(1,427,654)
Cash flows relating to investing activities			
Payment for purchases of plant and equipment		(933)	-
Disposal of plant and equipment		-	1,386
Interest received		118	202
Net cash provided by/(used in) investing activities		(815)	1,588
Cash flows relating to financing cash flows			
Repayment of lease liabilities		-	(15,418)
Net cash used in financing activities		-	(15,418)
Net (decrease)/increase in cash and cash equivalents		372,398	(1,441,484)
Cash and cash equivalents at the beginning of the period		524,364	2,597,731
Foreign exchange movement		(18,632)	47,157
Cash and cash equivalents at the end of the period	4a	878,130	1,203,404

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

Notes to the Consolidated Statements

For the year ended 31 December 2022

1. Segment information

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

2. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

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

Half Year to 31 Dec 2022	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
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Timing of revenue recognition

At a point in time	-	-	322,170	126,585	448,755
Over time	12,160	238,346	-	-	250,506
	12,160	238,346	322,170	126,585	699,261

Half Year to 31 Dec 2021	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
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Timing of revenue recognition

At a point in time	-	-	23,925	116,678	140,603
Over time	34,083	186,948	-	-	221,031
	34,083	186,948	23,925	116,678	361,634

Notes to the Consolidated Statements continued ...

b) Liabilities related to contracts with customers

	31 Dec 2022	30 Jun 2022
	\$	\$
Other gains/(losses)		
Contract liabilities – deferred revenue on consulting contracts	-	12,000
	-	12,000

3. Expense items

a) Other gains/(losses)

	31 Dec 2022	31 Dec 2021
	\$	\$
Other non-operating income	818	-
R&D tax incentives	-	143,834
Net foreign exchange (losses)	(203)	(3,508)
	615	140,326

b) Breakdown of expenses by nature

	Notes	31 Dec 2022	31 Dec 2021
		\$	\$
General and administrative expenses:			
Accounting and audit		31,800	15,010
Computer costs		215	194
Consulting costs		10,413	-
Depreciation		1,879	4,263
Employee benefits		354,319	692,091
Insurance		57,933	44,249
Legal		18,103	26,335
Listing and share registry		26,212	51,330
Occupancy		20,130	16,529
Share-based payments		-	64,500
Superannuation		25,391	41,542
Travel and entertainment		9,452	6,363
Other		22,699	38,591
		578,546	1,000,997

Notes to the Consolidated Statements continued ...

4. Financial assets and financial liabilities

a) Cash and cash equivalents

	Notes	31 Dec 2022 \$	30 Jun 2022 \$
Current assets			
Cash at bank and on hand		878,130	524,364

Cash and cash equivalents for the purposes of the statement of cashflows is summarised below:

Cash at bank and on hand		878,130	524,364
Cash at bank and on hand – classified assets held for sale	7	-	1,532
Cash and cash equivalents held at the end of the period		878,130	525,896

b) Trade and other receivables

	Notes	31 December 2022			30 June 2022		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Trade receivables		160,248	-	160,248	91,441	-	91,441
Provision for impairment		(1,424)	-	(1,424)	(1,424)	-	(1,424)
		158,824	-	158,824	90,017	-	90,017
Other receivables		38,459	-	38,459	669,872	-	669,872
Total trade and other receivables		197,283	-	197,283	759,889	-	759,889

c) Trade and other payables

	Notes	31 December 2022			30 June 2022		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Trade payables		38,769	-	38,769	74,632	-	74,632
Accrued expenses		126,505	-	126,505	69,742	-	69,742
Other payables		40,265	-	40,265	8,283	-	8,283
Total trade and other payables		205,539	-	205,539	152,657	-	152,657

Notes to the Consolidated Statements continued ...

5. Non-financial assets and liabilities

a) Other current assets

	Notes	31 December 2022			30 June 2022		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Prepayments		72,089	-	72,089	-	-	-
Consumables		20,122	-	20,122	39,490	-	39,490
Security deposits		4,914	-	4,914	18,652	-	18,652
		97,135	-	97,135	58,142	-	58,142

6. Equity

a) Contributed Equity

	31 Dec 2022		30 June 2022	
	No.	\$	No.	\$
Ordinary shares - fully paid	1,471,200,370	18,283,350	1,471,200,370	18,283,350

There has been no movement for the six months ending 31 December 2022.

Notes to the Consolidated Statements continued ...

Ordinary shares

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

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

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

Options

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

b) Reserves

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

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

Notes to the Consolidated Statements continued ...

	Share-based payments \$	Foreign currency translation \$	Total \$
Balance at 1 July 2022	785,493	(77,578)	707,915
Currency translation differences	-	(17,241)	(17,241)
Other comprehensive income for the half year	-	(17,241)	(17,241)
Transactions with owners in their capacity as owners			
Share-based payment expenses	-	-	-
At 31 December 2022	785,493	(94,819)	690,674

i) Nature and purpose of reserves

Foreign currency translation

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

Share-based payments

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

ii) Options and Rights on Issue

	31 Dec 2022 No.	31 Dec 2022 \$	30 June 2022 No.	30 June 2022 \$
Options and rights	75,228,572	785,493	391,374,867	785,493

Notes to the Consolidated Statements continued ...

Movement in options and rights

	Note	Number of options	\$
Balance at 30 June 2022		391,374,867	785,493
Lapse of Options	a)	(316,146,295)	-
Balance at 31 December 2022		75,228,572	785,493

a) Lapse of Options exercisable at 1.5 cents each on 14/11/2022.

7. Discontinued operations

Due to challenging global economic conditions and the changing political/regulatory climate in China, the Company made the decision to hold its wholly owned subsidiary, Beijing Constellation Technologies Development Co., Ltd for sale. The Company actively pursued the sale of the entity, but subsequently decided to wind-down operations in China. This process is expected to be completed in the next 12 – 18 months, however the Company is experiencing delays due to limited time commitment of local responsible persons and travel restrictions.

a) Assets and liabilities associated with discontinued operations

As at 31 December 2022, the entity held the following assets and liabilities:

	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Assets			
Cash at bank		1,506	1,532
Trade and other receivables		869,009	884,374
Provision for non-recovery of trade and other receivables		(869,009)	(884,374)
Other assets		5,061	5,152
Property, plant & equipment		65,239	66,393
Liabilities			
Trade & other payables		(228,213)	(232,248)
Net liability		(156,406)	(159,171)
Provision	i)	156,406	-
Net liability associated with discontinued operations		-	(159,171)

Notes to the Consolidated Statements continued ...

- i) At the 30 June 2022, the Company took a conservative position on the accounts of the entity and recorded a provision for the non-recovery of all its trade and other receivables, leaving a net liability associated with discontinuing operations at that time.

However, the Company has subsequently decided at the 31 December 2022 to take up a further provision to negate the net liability associated with the discontinuing operations as it believes that:

- There are sufficient receivables recorded in the accounts of the Chinese entity to settle any legitimate liability associated with that entity.
- Any shortfall in assets to cover known or unknown potential liabilities associated with the Chinese entity are highly unlikely to be recoverable from the Australian parent entity due to:
 - o limited liability of the parent company as shareholder.
 - o the small value of any potential liability.

b) Statement of Comprehensive Income

The entity recognised the following gain for the period ending 31 December 2022 due to the provision taken up as described in Note 7a) i). The difference between the value of the provision in the Statement of Assets and Liabilities and the Statement of Comprehensive Income is foreign exchange.

	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Revenue		-	125,164
Net Gain		157,777	-
Expenses		-	(1,269,186)
Gain/(Loss) from discontinued operations		157,777	(1,144,022)
Income tax expense		-	-
Gain/(Loss) from discontinued operations		157,777	(1,144,022)
Gain/(Loss) per share - discontinued operations		0.01	(0.08)

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

Notes to the Consolidated Statements continued ...

c) Statement of Cashflows

	31 Dec 2022	30 Jun 2022
	\$	\$
Net operating outflows	-	(576,875)
Net investing inflows	-	264
Net financing outflows	-	(15,403)
Net cash outflows	-	(592,014)

8. Contingent liabilities

The Group had no contingent liabilities at 31 December 2022 (30 June 2022: nil).

9. Events occurring after the reporting period

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

Notes to the Consolidated Statements continued ...

10. Related party transactions

	31 Dec 2022	31 Dec 2021
	\$	\$
Office rent and outgoings paid on an arm's length commercial basis to FNJ Properties Pty Ltd, a company associated with director, Leath Nicholson in respect of the Company's Melbourne Offices.	12,000	9,000
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with director Leath Nicholson. Payment received in cash and equity.	17,935	26,334

11. Loss per Share

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

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss attributable to equity holders of the Group used in calculating loss per share:		
- From continuing operations	(220,058)	(897,961)
- From discontinuing operations	157,777	(1,144,022)
	(62,281)	(2,041,983)

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

	31 Dec 2022	31 Dec 2021
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,469,206,700	1,469,206,700

There are 75,228,572 share options & rights on issue not included in diluted earnings per share as these would have an anti-dilutive effect on earnings per share. These potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share. If these shares options & rights were included in the calculation of diluted earnings per share, the weighted average number of shares used in the denominator would be 1,544,435,272.

12. Significant accounting policies

Basis of preparation of the half year financial report and changes to the Group's accounting policies are set out below:

Basis of preparation

- a) These general purpose interim financial statements for half-year reporting period ended 31 December 2022 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 2022, together with any public announcements made during the following half-year.

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

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

b) Going concern

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

As disclosed in the interim financial statements, the Group is in a net asset position of \$909,818 (30 June 2022: \$989,340), net current asset position of \$899,369 (30 June 2022: \$977,944) and has net operating cash inflows of \$373,213 (31 December 2021: net outflows of \$1,427,654). The Group generated a loss after tax for the half year of \$220,058 from continuing operations (31 December 2021: \$897,961). The group's cash position increased to \$878,130 at 31 December 2022 (30 June 2022: \$524,364).

Notes to the Consolidated Statements continued ...

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

- Significant progress has been made in realising the Group's intellectual property. Revenue from Australian operations has increased 93.36% over the prior period;
- The Company received its FY21 R&D tax incentive in the current year to the value of \$635k and has the potential to make further claims for the FY22 and FY23;
- The Company has initiated cost saving processes, including the discontinuation of its operations in China. Australian operating costs have decreased 34.28% over the prior period;
- A successful history in raising capital via the issue of new ordinary shares should the need arise. There are also 75,228,572 options outstanding that could potentially raise up to \$1.1m from shareholders should the Company's share price rise above the exercise price of 1.5 cents; and
- The Company has the ability to negotiate payment in equity in lieu of cash with its consultants and suppliers, which also improves the Group's cash coverage.

c) New and amended standards adopted by the group

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

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

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 2022 and of its performance for the half year ended on that date.
- b. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Mr Kartheek Munigoti

Executive Director and Chief Executive Officer

23 February 2023

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

Conclusion

We have reviewed the accompanying half-year financial report of Constellation Technologies Ltd ("the company"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity 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 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

23 FEBRUARY 2023
BRISBANE