LWP Technologies Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	LWP Technologies Limited
ABN:	80 112 379 503
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	-	to	-
Loss from ordinary activities after tax attributable to the owners of LWP Technologies Limited	up	193.6%	to	(7,614,627)
Loss for the half-year attributable to the owners of LWP Technologies Limited	up	193.6%	to	(7,614,627)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $7,614,627 (31 December 2015: $2,593,331).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	0.10

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture entities

LWP has 50% ownership of Graphenera Pty Ltd and Graphenera IP Pty Ltd which has patents pending for Aluminium-Graphene Synthesis and battery technology.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of LWP Technologies Limited for the half-year ended 31 December 2016 is attached.

11. Signed

Signed ______________________________ Date: 28 February 2017
Siegfried Konig
Director

LWP Technologies Limited

ABN 80 112 379 503

Interim Report - 31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of LWP Technologies Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

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

Siegfried Konig
David Henson
Declan McCaffrey (appointed 26 August 2016)
Sean Corbin (resigned 21 November 2016)

Principal activities

LWP Technologies Limited (LWP) is an Australian energy technology company.

Initial focus is on commercializing a next generation, fly-ash based, proppant for use in hydraulic fracturing of oil and gas wells globally, which has been developed by the Company. Proppants are a major input and cost item in the hydraulic fracturing process and represent a multi-billion dollar global market annually. Proppants are a sand-like commodity used to ‘prop’ open fractures in shale rocks which allows oil and gas to flow. LWP Technologies is seeking to commercialise its proppant as a cost effective, superior alternative to bauxite and clay based proppants, typically used in hydraulic fracturing operations currently

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $7,614,627 (31 December 2015: $2,593,331).

Significant changes in the state of affairs

<u>Issue of Shares to Vendors of Ecopropp Pty Ltd (“Ecopropp”) Using Incorrect VWAP</u>

On 7 December 2016, LWP Technologies Limited advised that a subsequent review of the VWAP used in calculating the shares that were issued to the vendors of Ecopropp on 22 July 2015 was inaccurate, having being calculated at $0.01177 rather than the correct VWAP of $0.012923.

Circumstance Leading to the Error

The Board of the Company were provided data by internal team members on both volume and value of trades in the Company’s shares on a weekly basis to monitor the Company’s ongoing share price performance. The veracity of this data was not tested by the Company prior to relying on it for the calculation of the 5 day VWAP that was used in the calculation of the shares to the vendors of Ecopropp. In hindsight, the Company accepts that it should have requested an independent calculation of the 5 day VWAP for such a significant transaction.

Excess Shares Issued

As a result of the use of the incorrect VWAP, a total of 1,033,041,632 shares were issued to the vendors of Ecopropp, when the correct total was 991,698,550, resulting in an issue of excess shares to the vendors of Ecopropp of 41,343,083 (“Excess Shares”).

Treatment of the Excess Shares under the ASX Listing Rules

It is noted that the shares issued to the vendors of Ecopropp were subject to a waiver granted by the ASX in relation to ASX Listing Rule 7.3.2 (“Waiver”) and also subject to shareholder approval, which was granted at the general meeting of members of the Company held on 25 June 2014 (“Shareholder Approval”).

It is now apparent that the Excess Shares were not issued in accordance with either the Waiver, nor Shareholder Approval.

As a result, when calculating the Company’s placement capacity under Listing Rule 7.1 as at 22 July 2015, and for the 12 months following, the Company will treat the Excess Shares as not having been issued with shareholder approval and therefore as part of the variable “C” in the formula in that rule.

Further it is noted that, as the Excess Shares were not issued in accordance with Shareholder Approval, the portion of the Excess Shares that were issued to each of Mr Siegfried Konig and Mr David Henson, were issued in breach of ASX Listing Rule 10.11.

Remedial Action for Breach of Listing Rule 10.11

As a result of the issue of Excess Shares, Mr Siegfried Konig received 9,422,728 ordinary shares and Mr David Henson received 2,183,285 ordinary shares that were issued in breach of ASX Listing Rule 10.11 (“Excess Director Shares”), being their respective portions of the Excess Shares issued.

By way of remedial action for the breach of ASX Listing Rule 10.11, each of Messrs Konig and Henson will sell their respective Excess Director Shares on-market with the donation by them of the net proceeds of such sales to charity.

Remedial Action for Excess Shares Issued to other Vendors of Ecopropp

In relation to the balance of the Excess Shares issued to other Ecopropp Vendors, the Company has considered various options available to rectify the issue of the Excess Shares to the vendors of Ecopropp (excluding the Directors noted above).

Consideration had been given to writing to each of the Ecopropp Vendors with a view to seeking agreement to dispose of the Excess Shares received by them, but noting that there were in excess of 100 vendors of Ecopropp (Ecopropp Vendors), many of whom in the past 17 months since issue have disposed of their holdings, Mr Siegfried Konig and Mr David Henson agreed to sell double the number of Excess Directors Shares and this was carried out on 3 February 2017.

Mr Siegfried Konig and Mr David Henson have agreed to also donate the net proceeds of such sales to charity, meaning other Ecopropp Vendors will not be required to take any further action.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 27 January 2017, LWP commenced legal proceeding against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera.

On 3rd February 2017, as a result of the issue of shares to vendors of Ecopropp Pty Ltd using incorrect VWAP, two of the Directors of the Company, Mr Siegfried Konig and Mr David Henson have completed the sale of the Directors Excess Shares and agreed to donate their net proceeds to charity.

On 20th February 2017, the Company announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant, and the ATO representatives have visited LWP’s Pilot Plant in Queensland. LWP has since provided additional information to the ATO and discussions are continuing. R&D offset tax experts BDO, have been retained to assist LWP. Further information requested by the ATO is currently being prepared and LWP has until 17 March to provide the information. The Company is preparing a position paper for submission, regarding its claims.

On 20th February 2017, LWP announced that the Company will not receive funding pursuant to the terms of the Lanstead-LWP sharing agreement while the Company’s share price is at the current level. When the Company’s VWAP increases to approximately $0.0015, funding will recommence.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Siegfried Konig
Director

28 February 2017

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

As lead auditor of LWP Technologies Limited for the half-year ended 31 December 2016, 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.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2017

General information

The financial statements cover LWP Technologies Limited as a consolidated entity consisting of LWP Technologies Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is LWP Technologies Limited's functional and presentation currency.

LWP Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 29, Level 54, 111 Eagle Street, BRISBANE, QLD,
AUSTRALIA, 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2017.

LWP Technologies Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	Consolidated 31/12/2016 $	31/12/2015 $
Interest income		3,727	12,565
Other income		1,659	-
Expenses			
Loss on revaluation of financial assets	4	(4,623,499)	-
Employee benefits expenses		(445,527)	(485,779)
Depreciation and amortisation expense		(49,716)	(7,412)
Legal expenses		(61,468)	(150,486)
Expenses relating to the advancement of proppant technology		(1,115,374)	(1,231,860)
Marketing and travel expenses		(239,226)	(659,798)
Administration expenses		(341,454)	(355,187)
Impairment of investment in associates	3	(668,724)	-
Impairment of receivables	5	(75,025)	(452,000)
Gain on reversal of provision on disputed tax	13	-	736,626
Loss before income tax expense		(7,614,627)	(2,593,331)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of LWP Technologies Limited		(7,614,627)	(2,593,331)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of LWP Technologies Limited		(7,614,627)	(2,593,331)
		Cents	**Cents**
Basic earnings per share	12	(0.14)	(0.07)
Diluted earnings per share	12	(0.14)	(0.07)

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

LWP Technologies Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated 31/12/2016 $	Consolidated 30/06/2016 $
Assets			
Current assets			
Cash and cash equivalents		1,616,985	1,846,712
Trade and other receivables	5	193,579	963,219
Financial assets	6	1,102,639	1,442,384
Other	7	15,907	450,391
Total current assets		2,929,110	4,702,706
Non-current assets			
Property, plant and equipment		354,757	400,999
Total non-current assets		354,757	400,999
Total assets		3,283,867	5,103,705
Liabilities			
Current liabilities			
Trade and other payables		226,453	417,857
Total current liabilities		226,453	417,857
Total liabilities		226,453	417,857
Net assets		3,057,414	4,685,848
Equity			
Issued capital	8	27,817,232	21,831,039
Reserves		346,890	346,890
Accumulated losses		(25,106,708)	(17,492,081)
Total equity		3,057,414	4,685,848

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

LWP Technologies Limited
Statement of changes in equity
For the half-year ended 31 December 2016

Consolidated	**Issued capital $**	**Share Based Payment Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2015	13,559,618	346,890	(11,495,103)	2,411,405
Loss after income tax expense for the half-year	-	-	(2,593,331)	(2,593,331)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,593,331)	(2,593,331)
Transactions with owners in their capacity as owners:				
Contribution of capital	6,600,000	-	-	6,600,000
Share issue costs	(921,407)	-	-	(921,407)
Balance at 31 December 2015	19,238,211	346,890	(14,088,434)	5,496,667

Consolidated	**Contributed capital $**	**Share Based payment Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2016	21,831,039	346,890	(17,492,081)	4,685,848
Loss after income tax expense for the half-year	-	-	(7,614,627)	(7,614,627)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(7,614,627)	(7,614,627)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	6,515,686	-	-	6,515,686
Share issue costs	(529,493)	-	-	(529,493)
Balance at 31 December 2016	27,817,232	346,890	(25,106,708)	3,057,414

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

LWP Technologies Limited
Statement of cash flows
For the half-year ended 31 December 2016

	Consolidated	
	31/12/2016	31/12/2015
	$	$
Cash flows from operating activities		
Payments to suppliers and employees	(2,108,520)	(2,666,099)
Interest received	3,727	12,565
Net cash used in operating activities	(2,104,793)	(2,653,534)
Cash flows from investing activities		
Payments for financial asset	(50,000)	-
Funds deposited / advanced to other parties	(225,025)	(300,000)
Payments for plant & equipment	(3,474)	(159,167)
Equity accounted investments in Graphenera	(668,724)	-
Repayment from related party deposit	400,000	-
Proceeds from financial assets	500,000	-
Net cash movement in cash held in portfolio	(25,630)	-
Net cash used in investing activities	(72,853)	(459,167)
Cash flows from financing activities		
Contributions of capital	1,009,037	5,742,620
Capital raising costs	(33,993)	(341,917)
Proceeds from prior year unpaid shares	901,000	-
Proceeds from Lanstead sharing arrangement	71,875	-
Net cash from financing activities	1,947,919	5,400,703
Net increase/(decrease) in cash and cash equivalents	(229,727)	2,288,002
Cash and cash equivalents at the beginning of the financial half-year	1,846,712	3,129,895
Cash and cash equivalents at the end of the financial half-year	1,616,985	5,417,897

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Going concern

The 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 financial statements, the Group incurred a net loss after tax of $7,614,627 (31 December 2015: $2,593,331) and net operating cash outflows of $2,104,793 (31 December 2015 $2,653,534). As at 31 December 2016 the Group has cash of $1,616,985 (30 June 2016: $1,846,712).

In addition, the Group has entered into an arrangement with Hallmark as disclosed in Note 10. Under the arrangement, LWP has monthly commitment of US$17,000. Should the conditions precedent in this agreement be satisfied, then the Group has additional commitments of up to US$410,000 as detailed in Note 10.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following conditions:

- the ability of the Group to meet its cashflow forecasts;
- the ability of the Group to continue to drawdown on its funding agreement with Lanstead, as and when necessary (noting that the facility currently can’t be accessed due to the low share price);
- the ability of the Group to raise capital, as and when necessary; and
- the ability of the Group to sell its intellectual property.

These conditions give rise to material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- proven ability of the Group to raise capital as and when necessary;
- the availability of funding under the Lanstead agreement should the share price increase;
- ability to apply discretion in the Group’s spending;
- ability to readily convert to cash $929,388 of the Group’s financial assets measured at fair value (30 June 2016: $1.442M);
- ability of the Group to finalise and recover on its R&D claim; and
- ongoing progress on development of the Group’s intellectual property which could yield financial returns when successfully exploited.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Note 2. Operating segments

Identification of reportable operating 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, the Chief Operating Decision Maker (CODM - identified as the Board of Directors) 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 segment during the year.

Note 3. Impairment of associates

During the period, the Company announced that it has taken steps to terminate the agreement held with VVV Technologies to undertake the Graphenera project. The Graphenera project involves a 50% interest in Graphenera Pty Ltd and Graphenera IP Pty Ltd to develop Graphene technology. As a result of this termination, a full impairment has been recognised on the investment in associates.

As disclosed in Note 11, the company is seeking to recover the monies spent, no assets have been recognised due to the timing and uncertainty of this litigation. In addition to the $668,724 impaired to 31 December 2016, the company also impaired an additional $371,924 recognised to 30 June 2016.

Note 4. Loss on revaluation of financial assets

	Consolidated	
	31/12/2016	**31/12/2015**
	$	**$**
Loss on revaluation of financial assets - ASX listed shares	88,626	-
Loss on revaluation of financial assets - Receivable from Lanstead Sharing Agreement	4,534,873	-
	4,623,499	-

Note 5. Current assets - trade and other receivables

	Consolidated	
	31/12/2016	**30/06/2016**
	$	**$**
GST and other receivables	43,579	62,219
Receivables for unpaid share capital	-	901,000
Loan to Omnet Pty Ltd	300,000	300,000
Provision for impairment	(300,000)	(300,000)
Other deposit held	150,000	-
	193,579	963,219

The 31 December 2015 half year review included a provision of $300,000 for the loan to Omnet Pty Ltd and a write-off of $152,000 of other debtors. The half year to 31 December 2016 includes a write-off of $75,025 of other debtors.

Note 6. Current assets - financial assets

	Consolidated	
	31/12/2016	30/06/2016
	$	$
ASX listed shares acquired at cost	775,280	1,012,000
Cumulative fair value adjustment to profit or loss	104,108	430,384
Investment in Bullabulling Gold Trust	50,000	-
Swap from Lanstead Sharing Agreement	173,251	-
	1,102,639	1,442,384

All ASX listed shares are Level 1 financial assets.
The swap receivable from the Lanstead sharing agreement is Level 3 financial asset.

Swap from Lanstead Sharing Agreement

During the period, the Company secured a cornerstone investor, Lanstead Capital LLC ("Lanstead"). Lanstead acquired 1,125,000,000 shares in LWP of which 843,750,000 shares were under an equity swap arrangement. As consideration for these shares LWP assets receive monthly payments for 18 months. Cash receipts were measured against the benchmark price of $0.0067 per share based on a five day volume weighted average price (VWAP) and the payment was adjusted accordingly.

The fair value of the equity swaps at 31 December 2016 was calculated using Monte Carlo simulation model that took into account the company share price at valuation date, the expected company share price volatility over the period of the equity swaps, and the life of the equity swaps, discounting of the estimated cashflows for the effects of time, as described in more detail below:

Equity swap valuation model:	As the equity swap is linked to the expected share price of the company’s shares at the time of each swap, a Monte Carlo simulation model has been used to determine the expected share price at the time of each swap. The valuation method adopted uses the following inputs which were taken from publicly available information relating of the company’s share price at the time of valuation, share price history of the company, and the terms and conditions of the equity swaps.
Share price at time of valuation:	The time of valuation is the day on which the equity swaps are being measured, which is the end of the reporting period. The share price at the time of measurement was $0.0001.
Expected life of equity swaps:	The expected life of the equity swaps was taken to be the full period of time from grant date to expiry/exercise date. While there may be an adjustment made to take into account any expected early or deferred exercise of the equity swaps or any variation of the expiry date by the company, there is no past history that either of these factors would warrant an exercise of the equity swaps at dates different from those agreed upon, and no other factors which would indicate that this would be a likely occurrence. Therefore, no adjustment to the expected expiry dates of the equity swaps has been made.
Share price volatility:	The company has a long history of share transactions by which to gauge the company’s share price volatility, and this data provided some indication of the expected future volatility of the company’s share price. Due to the company’s historical share price movements, and the relative percentage of each movement against the share price, it is expected that this volatility will not change significantly over the life of the equity swaps. A volatility of 100% was used as the expected future share price volatility over the life of the equity swaps.
Expected dividends:	The company has not declared dividends in the past, and does not expect to declare dividends in the period of the equity swaps. As a result, no adjustment has been made to the pricing of the equity swaps to take into account payment of dividends, to reflect the expectation that dividends are not expected to be declared over the period of the life of the equity swaps.
Risk free rate:	1.83%
Discount rate:	15%
Monte Carlo simulation:	Upon reviewing the factors to be taken into account and the variables to be calculated, it is considered that a Monte Carlo Simulation is the most relevant methodology to calculating the value of the equity swaps, and the resultant valuation of the equity swaps for the purposes of disclosing financial instruments in these financial statements was in accordance with AASB 139 Financial Instruments: Recognition and Measurement.
Fair Value:	The fair value of the equity swaps at 31 December 2016 was estimated as $173,251 and the

Note 6. Current assets - financial assets (continued)

difference between the determined fair value of the equity swaps and the purchase price of the remaining swaps ($4,248,889) has been taken to the profit or loss account of the company and stated as an unrealised loss for the period. For the period ended 31 December 2016 the company has recognised an amount of $4,075,638 as an unrealised loss on the fair value of the equity swaps and a realised loss on the equity swaps of $459,236

The valuation is sensitive to actual share prices and trading volatility of LWP shares.

Note 7. Current assets - other

	Consolidated	
	31/12/2016 $	**30/06/2016 $**
Prepayments	15,907	50,391
Deposit	-	400,000
	15,907	450,391

Note 8. Equity - issued capital

	Consolidated			
	31/12/2016 Shares	**30/06/2016 Shares**	**31/12/2016 $**	**30/06/2016 $**
Ordinary shares - fully paid	5,929,872,725	4,566,325,609	27,817,232	21,831,039

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	1 July 2016	4,566,325,609	21,831,039
Share Placement		178,547,116	890,686
Issue of shares to Lanstead under the sharing agreement including fees for entering into the sharing agreement		1,185,000,000	5,625,000
Share issue costs		-	(529,493)
Balance	31 December 2016	5,929,872,725	27,817,232

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Commitments

In July 2016, LWP entered into an arrangement with Hallmark for the operations of its Indian proppant plant in the city of Pune in the state of Maharashtra. Under the arrangement, which if the conditions precedent are met, would be effective from July 2017 onwards. The parties are required to complete various conditions precedent including an off-take agreement to first be secured for the first year of the Pune plant's production capacity to be pre-sold. Hallmark have ongoing costs associated with the plant and it is agreed that an amount of USD$17,000 per month commencing from 1 January 2017 be paid by LWP.

In addition to this monthly charges, once the conditions precedent to the agreement have been fulfilled, the company is required to fund up to an additional US$410,000.

Note 11. Events after the reporting period

On 27 January 2017, LWP commenced legal proceeding against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera.

On 3rd February 2017, as a result of the issue of shares to vendors of Ecopropp Pty Ltd using incorrect VWAP, two of the Directors of the Company, Mr Siegfried Konig and Mr David Henson have completed the sale of the Directors Excess Shares and agreed to donate their net proceeds to charity.

On 20th February 2017, the Company announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant, and the ATO representatives have visited LWP’s Pilot Plant in Queensland. LWP has since provided additional information to the ATO and discussions are continuing. R&D offset tax experts BDO, have been retained to assist LWP. Further information requested by the ATO is currently being prepared and LWP has until 17 March to provide the information. The Company is preparing a position paper for submission, regarding its claims.

On 20th February 2017, LWP announced that the Company will not receive funding pursuant to the terms of the Lanstead-LWP sharing agreement while the Company’s share price is at the current level. When the Company’s VWAP increases to approximately $0.0015, funding will recommence.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated	
	31/12/2016 $	31/12/2015 $
Loss after income tax attributable to the owners of LWP Technologies Limited	(7,614,627)	(2,593,331)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	5,471,440,084	3,716,497,336
Weighted average number of ordinary shares used in calculating diluted earnings per share	5,471,440,084	3,716,497,336
	Cents	Cents
Basic earnings per share	(0.14)	(0.07)
Diluted earnings per share	(0.14)	(0.07)

Note 13: Other Significant Items

For the year ended 30 June 2015, LWP provided for a dispute with the ATO for $957,454, LWP subsequently settled that dispute and $736,626 of the provision was reversed on settlement.

The current review by ATO of LWP's R&D claim (referred to in Note 11) is unrelated and to date, no R&D claim has been recognised in the financial statements of LWP. The accounting policy of LWP is to treat R&D tax offsets as grant revenue which are only recognised on receipt.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Siegfried Konig
Director

28 February 2017

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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 statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of 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 20*01 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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.

Basis for Qualified Conclusion

LWP Technologies Limited’s 50% investment in Graphenera Pty Ltd and Graphenera IP Pty Ltd (Graphenera), associates acquired during the second half of year ended 30 June 2016 and accounted for by the equity method, are carried at a nil value on the statement of financial position as at 31 December 2016 (30 June 2016: Nil). LWP Technologies Limited’s share of Graphenera’s net loss and impairment to 31 December 2016 of $668,724 (30 June 2016 year ended: $371,924) is included in LWP Technologies Limited’s statement of profit or loss and other comprehensive income for the half year then ended. Notwithstanding the 50% investments in Graphenera are carried at a nil value, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of LWP Technologies Limited’s investments in Graphenera as at 31 December 2016 and 30 June 2016, or LWP Technologies Limited’s share of Graphenera’s net loss and impairment for the half year ended 31 December 2016 and year ended 30 June 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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:

(i) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity’s ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 28 February 2017