

K-TIG Limited and its Controlled Entities

Appendix 4D

1. Name of Entity

K-TIG Limited (ABN: 28 158 307 549)

Reporting Period

Previous Corresponding Reporting Period

Half-year ended 31 December 2023

Half-year ended 31 December 2022

2. Results for Announcement to Market

Dividends

It is not proposed that either a final or interim dividend be paid; no dividends have been declared or paid for the period ended 31 December 2023.

Financial results	Up / Down	Change %	31 Dec 2023 \$	31 Dec 2022 \$
Revenue from ordinary activities		(20%)	1,476,906	1,844,906
(Loss) after tax from ordinary activities attributable to members		(20%)	(1,820,974)	(2,287,049)
(Loss) attributable to members		(20%)	(1,820,974)	(2,287,049)

A brief explanation if any of the figures reported above

The Group reported \$1,476,906 of revenue for the current period (31 December 2022: \$1,844,906). After providing for income tax, the loss from ordinary activities for the Group amounted to \$2,006,201 (31 December 2022: \$2,287,049m). The loss reported is mainly attributable to lower revenue and gross margin, acquisition and compliance costs associated with Graham's Engineering Limited acquisition amounting to \$208,365 (31 December 2022: \$167,633) and continued significant investment in several strategic areas focused on defence, nuclear, USA and UK.

Net operating expenses (acquisition and compliance costs) of \$2,547,766 for the current period (31 December 2022: \$3,716,946) were lower by 31%.

3. Net Tangible Asset Backing per Ordinary Share

Net tangible asset backing per ordinary share

Reporting Period Cents	Previous Period Cents
(5.14)	1.38

Right-of-use assets recognised under AASB 16 Leases are classified as intangible assets to determine net tangible assets to determine net tangible assets.

4. Control Gained Over Entities

There were no additions of entities during the period.

5. Dividends Paid and Payable

No dividends or distributions are payable.

6. Dividend Reinvestment Plans

No dividends or distribution plans.

7. Details of Associates

No associates and joint ventures during the period.

8. Foreign Entities

All entities with the consolidated Group comply with International Financial Reporting Standards.

K-TIG Limited and its Controlled Entities
Appendix 4D

9. Review of Opinion

There are no audit disputes or qualifications to the review opinion.

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', with a horizontal line underneath.

Stuart Carmichael
Chairman

30 September 2024

K-TIG Limited and Its Controlled Entities

ABN 28 158 307 549

Consolidated Half-Year Financial Report

For the half-year ended 31 December 2023

K-TIG Limited and its Controlled Entities
Corporate Directory
For the half-year ended 31 December 2023

Directorships as at the date of this report	Stuart Carmichael, Non-Executive Chairman Adrian Smith, Managing Director Anthony McIntosh, Non-Executive Director Darryl Abotomey, Non-Executive Director
Company secretary	Jack Rosagro
Registered office	Level 5, 191 St George's Terrace Perth, WA 6000
Principal place of business	Building 5 9 William Street Mile End SA 5031 Phone: (08) 7324 6800
Share registry	Automatic Group Level 5, 191 St Georges Terrace Perth WA 6000
Auditor	BDO Audit Pty Ltd BDO Centre Level 7, 420 King William Street Adelaide SA 500
Solicitors	Hamilton Locke Level 27, 152-158 St Georges Terrace Perth WA 6000
Principal bankers	Westpac Banking Corporation 275 Kent Street Sydney NSW 2000
Stock exchange listing	K-TIG Limited shares are listed on the Australian Securities Exchange (ASX code: KTIG)
Website	www.k-tig.com

K-TIG Limited and its Controlled Entities
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K-TIG Limited and its Controlled Entities
Directors Report
For the half-year ended 31 December 2023

Overview

K-TIG is a transformative, industry-disrupting welding technology that seeks to change the economics of fabrication. K-TIG's high-speed precision welding technology welds up to 100 times faster than traditional TIG welding, achieving full penetration in a single pass in materials up to 16mm in thickness and typically operates at twice the speed of plasma welding.

K-TIG works across a wide range of applications and is particularly well suited to corrosion-resistant materials such as stainless steel, nickel alloys, titanium alloys, carbon steels, and most exotic materials. It easily handles longitudinal and circumferential welds on pipes, spooling, vessels, tanks and other materials in a single pass.

Originally developed by the CSIRO, K-TIG owns all rights, title and interest in and to the proprietary and patented technology and has been awarded Australian Industrial Product of the Year and the DTC Defence Industry Award.

K-TIG Limited and its Controlled Entities
Directors Report (continued)
For the half-year ended 31 December 2023

The Directors present their report, together with the financial statements, on K-TIG Limited (**K-TIG or the Company**) and its controlled entities (together referred to as the **Group**) for the half year ended 31 December 2023.

Directors

The following persons were directors of K-TIG Limited during the financial year and up to the date of this report unless otherwise stated:

Stuart Carmichael
Syed Basar Shueb (resigned 17 April 2024)
Adrian Smith
Anthony McIntosh
Darryl Abotomey

Principal activities

K-TIG is a transformative, industry-disrupting welding technology that is changing the economics of fabrication with its proprietary high-speed precision welding technology.

Dividends

No dividends were declared or paid out during the financial year (31 December 2022: Nil).

Significant changes in the state of affairs

On 21 February 2024 the parent company entered voluntary administration and announced that it had appointed Administrators. The Administrators were also appointed to the wholly owned subsidiary Keyhole Tig Pty Ltd. The appointment did not extend to the other subsidiaries of the Consolidated Group and these subsidiaries continued to trade on a business as usual basis.

The Deed of Company Arrangement ("DOCA") was executed on 12 April 2024 and effectuated on 16 April 2024. Upon effectuation the companies exited external administration and control was returned to existing directors.

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

Matters subsequent to the end of the financial year

Refer to the significant changes in the state of affairs in the preceding section.

Likely developments and expected results of operations

The Company continues to build an extensive sales pipeline in key growth markets, including the United States, United Kingdom and Europe.

Environmental regulation

The consolidated entity operates within the manufacturing sector and conducts its business activities with respect for the environment while continuing to meet the expectations of its shareholders, employees and suppliers. The consolidated entity aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The consolidated entity is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licenses.

**K-TIG Limited and its Controlled Entities
Directors Report (continued)
For the half-year ended 31 December 2023**

Auditor's independence declaration

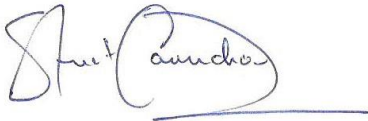
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', with a horizontal line underneath.

Stuart Carmichael
Chairman

30 September 2024
Perth

DECLARATION OF INDEPENDENCE
BY JOSH CARVER
TO THE DIRECTORS OF K-TIG LIMITED

As lead auditor for the review of K-TIG Limited for the half-year ended 31 December 2023, 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 K-TIG Limited and the entities it controlled during the period.



Josh Carver
Director

BDO Audit Pty Ltd

Adelaide, 30 September 2024

K-TIG Limited and its Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 2023	31 Dec 2022
		\$	\$
Sales revenue	2	1,476,906	1,844,906
Cost of sales		(792,102)	(609,691)
Gross profit/(loss)		684,803	1,235,215
Other income	3	65,127	362,315
Expenses			
Marketing expenses		(80,654)	(242,628)
Corporate expense		(353,009)	(381,620)
Service expense		(160,156)	(136,469)
Employee benefits expense		(1,672,267)	(2,427,362)
Office/workshop expense		(173,929)	(225,315)
Travel expense		(55,714)	(201,574)
R&D expense		(27,596)	(49,433)
Other expenses		(24,441)	(52,545)
Due diligence and pre-acquisition costs		(208,365)	(167,633)
Total operating expenses		(2,756,131)	(3,884,579)
(Loss) before income tax expense		(2,006,201)	(2,287,049)
Income tax expense		-	-
(Loss) for the year		(2,006,201)	(2,287,049)
Other comprehensive income / (expense)		17,757	524,253
Total comprehensive loss for the year		(1,988,445)	(1,762,796)
		Cents	Cents
Loss per share to owners of K-TIG Limited			
Basic loss per share		(2.74)	(1.26)
Diluted loss per share		(2.74)	(1.26)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	Consolidated	
		31 Dec 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	313,254	818,859
Trade and other receivables	5	472,613	872,105
Inventories		1,600,817	1,841,307
Financial assets	9	740,000	740,000
Total current assets		3,126,683	4,272,271
Non-current assets			
Other receivables		14,150	14,150
Property, plant and equipment	6	410,222	513,578
Right-of-use-assets	7	595,211	661,114
Intangibles		14,260	19,819
Total non-current assets		1,033,843	1,208,661
Total assets		4,160,526	5,480,932
Liabilities			
Current liabilities			
Trade and other payables	8	2,931,331	2,491,141
Amounts received in advance		604,309	444,259
Financial liabilities	9	2,937,494	2,837,220
Lease liabilities	10	114,149	111,135
Employee benefits	11	232,571	266,697
Total current liabilities		6,819,855	6,150,452
Non-current liabilities			
Lease liabilities	10	501,799	565,162
Employee benefits	11	-	-
Total non-current liabilities		501,799	565,162
Total liabilities		7,321,654	6,715,614
Net assets		(3,161,127)	(1,234,683)
Equity			
Issued capital	12	27,839,530	27,839,530
Share based payment reserve	13	2,207,652	2,145,652
Foreign currency translation reserve		353,104	335,347
Accumulated losses		(33,561,412)	(31,555,211)
Total Equity		(3,161,127)	(1,234,683)

The consolidated statement of financial position is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

	Issued Capital \$	Non- Redeemable Series A Preference Shares \$	Shared Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Consolidated						
Balance at 1 July 2022	27,299,304	-	2,566,786	5,335	(25,217,606)	4,653,819
Loss for the half-year	-	-	-	-	(2,287,049)	(2,287,049)
Other comprehensive income/(expenses)	-	-	-	524,253	-	524,253
Total comprehensive loss for the half-year	-	-	-	524,253	(2,287,049)	(1,762,796)
Transactions with owners in their capacity as owners						
Issue of shares, net of transaction costs	150,000	-	-	-	-	150,000
Share-based payments - performance rights, net of transaction costs	-	-	217,585	-	-	217,585
Share-based payments - performance rights	-	-	-	-	-	-
Conversion of long-term incentive shares to director	405,000	-	(405,000)	-	-	-
Balance at 31 December 2022	27,854,304	-	2,379,371	529,588	(27,504,655)	3,258,608

	Issued Capital \$	Non- Redeemable Series A Preference Shares \$	Shared Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Consolidated						
Balance at 1 July 2023	27,839,530	-	2,145,652	335,347	(31,555,211)	(1,234,682)
Loss for the half-year	-	-	-	-	(2,006,201)	(2,006,201)
Other comprehensive income/(expenses)	-	-	-	17,757	-	17,757
Total comprehensive loss for the half-year	-	-	-	17,757	(2,006,201)	(1,988,445)
Transactions with owners in their capacity as owners						
Share-based payments - performance rights, net of transaction costs	-	-	62,000	-	-	62,000
	-	-	-	-	-	-
Balance at 31 December 2023	27,839,530	-	2,207,652	353,104	(33,561,412)	(3,161,127)

The consolidated statement of changes in equity is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,036,448	1,905,563
Payments to suppliers and employees		(2,514,130)	(4,356,537)
		(477,682)	(2,450,974)
Interest received		1,071	4,983
Other income		43,483	357,332
Interest and other finance costs paid		(31,012)	(2,470)
Net cash used / (provided) in operating activities	19	(464,141)	(2,091,129)
Cash flows from investing activities			
Payments for financial assets		-	-
Payments for property, plant and equipment		(39,298)	(228,692)
Proceeds from property, plant & equipment		58,182	
Net cash used in investing activities		18,884	(228,692)
Cash flows from financing activities			
Proceeds from issue of shares		-	150,000
Payments for rights issue cost		-	-
Repayment of lease liabilities		(60,348)	(55,519)
Net cash provided / (used) by financing activities		(60,348)	94,481
Net increase / (decrease) in cash and cash equivalents		(505,605)	(2,225,339)
Cash and cash equivalents at beginning of period		818,859	3,726,745
Cash and cash equivalents at end of the period	4	313,254	1,501,406

The consolidated statement of cash flows is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 1. Basis of preparation

The Company is a for-profit company limited by shares, incorporated in Australia and whose shares are publicly listed on the Australian Securities Exchange (ASX). The Half Year Financial Report of the Company is for the six months ended 31 December 2023 for the Group.

The Half Year Financial Report for the six months ended 31 December 2023 is a general purpose report prepared in accordance with Australian Accounting Standards Board (AASB) AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB134 ensures compliance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

It is intended to provide users with an update on the latest financial statements of the Group and as such they do not include full disclosures of the type normally included in the annual report. It is recommended that they be read in conjunction with the 2023 Annual Report and any public announcements made by K-TIG during the half-year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules. The functional and presentation currency for the Company is Australian dollars.

The Half Year Financial Report for the six months ended 31 December 2023 has been prepared in accordance with the accounting policies adopted in the 2023 Annual Report and have been consistently applied by the entities in the Group. The Group has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to their operations and effective for the current half year. Adoption of the new and amended accounting standards had no material financial impact on the consolidated group.

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

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

As disclosed in the financial report, the consolidated group reported a loss of \$2,006,201 (2022: \$2,287,049) and cash used in operating activities of \$464,141 (2022: \$2,091,129). The decrease in loss is mainly attributable to net operating expenses being lower by \$280,848 after implementing a cost reduction program.

Notwithstanding these events, the Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, having prepared forecast cashflow information for a period of least 12 months from the end of the reporting period, taking into consideration of the following factors:

- Undertaking a capital raising
- Careful cashflow management, including controlling discretionary spending and prioritisation of capital expenditure
- The continued receipt of R&D tax incentives claims for eligible expenditure incurred in the year ended 30 June 2024

Should the Group be unable to maintain the sufficient funding outlined above, material uncertainties may cast significant doubt about its continuing as a going concern. Therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business. The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary should the Group not continue as a going concern.

The Directors believe that the Group will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 2. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Revenue from contracts with customers		
Sale of goods	1,296,131	1,643,794
Rendering services	148,064	144,166
Other trading revenue	78	26,069
	1,444,273	1,814,029
Revenue from Waas lessor arrangements	32,633	30,877
	1,476,906	1,844,906

Disaggregation of revenue

The disaggregation of revenue from contracts with the customer is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Geographical regions		
Rest of the World	720,843	246,627
United States	469,116	725,905
Asia Pacific (including New Zealand)	253,373	312,665
Australia	18,234	227,055
United Kingdom	15,340	332,654
	1,476,906	1,844,906

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Timing of revenue recognition		
Revenue recognised at a point in time	1,444,273	1,814,029
Revenue recognised over time	32,633	30,877
	1,476,906	1,844,906

Note 3. Other Income

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Interest received	1,071	4,983
Other income	838	-
Research & development tax incentive	42,644	357,332
Net gain on disposal of property, plant and equipment	20,573	-
	65,127	362,315

Note 4. Cash and cash equivalents

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Cash at bank	313,254	818,859

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 4. Cash and cash equivalents (continued)

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Australian dollar	165,239	446,228
British pound	27,238	54,500
Euro	4,202	21,351
United states dollar	116,574	296,780
	313,254	818,859

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the above mentioned currencies.

Note 5. Trade and other receivables

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Current		
Trade Receivables		
Trade receivables	145,675	237,207
Provision for expected losses	-	-
	145,675	237,207
Other Receivables		
GST and VAT receivables	47,033	94,761
Prepayments	263,739	246,033
Other receivables	16,166	294,104
	326,938	634,898
Trade and Other Receivables	472,613	872,105
Non-current		
Other Receivables		
Other receivables	14,150	14,150
	14,150	14,150

Allowance for expected credit losses

The consolidated group has recognised nil (31 December 2022: \$10,185) of credit losses at 31 December 2023 due to the upfront nature of equipment sales.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 6. Property, plant and equipment

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Leasehold improvements - at cost	224,065	224,814
Less: Accumulated depreciation	(193,223)	(189,231)
	30,843	35,583
Plant and equipment - at cost	618,102	666,558
Less: Accumulated depreciation	(307,696)	(288,395)
	310,406	378,163
Computer and equipment - at cost	128,397	139,644
Less: Accumulated depreciation	(98,781)	(91,363)
	29,616	48,281
WaaS assets - at cost	121,266	121,266
Less: Accumulated depreciation	(81,909)	(69,715)
	39,358	51,551
	410,222	513,578

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold Improvements	Plant and Equipment	Computer Equipment	WaaS Assets	Total
Balance as at 1 July 2023	35,583	378,163	48,281	51,551	513,578
Additions		39,298	-	-	39,298
Disposals	-	(36,271)	(1,338)	-	(37,609)
Foreign exchange differences	(529)	(4,989)	(105)		(5,623)
Transfer from / to inventory					-
Depreciation expense	(4,211)	(65,795)	(17,223)	(12,193)	(99,422)
Balance as at 31 December 2023	30,843	310,406	29,615	39,358	410,222

Note 7. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Land and buildings	761,806	767,771
Less: Accumulated depreciation	(166,595)	(106,657)
	595,211	661,114

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Trade payables	1,520,587	1,416,857
Other payables	259,870	247,875
Accrued expenses	1,150,873	826,409
	2,931,331	2,491,141

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 9. Financial liabilities

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Financial liability at amortised cost	2,313,238	2,313,238
Financial liability at fair value	462,787	462,787
Financial liability coupon interest expense	161,469	61,195
	2,937,494	2,837,220

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Balance at 01 July	2,313,238	-
Financial liability at amortised cost	-	2,242,053
Interest expense of financial liability at amortised cost	-	71,185
Balance at 31 December	2,313,238	2,313,238

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Balance at 01 July	462,787	-
Financial liability at fair value	-	457,947
Movement in fair value	-	4,840
Balance at 31 December	462,787	462,787

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Balance at 01 July	61,195	-
Financial liability coupon interest expense	100,274	61,195
Balance at 31 December	161,469	61,195

Note 10. Lease liabilities

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Current	114,149	111,135
Non current	501,799	565,162
	615,948	676,297

Note 11. Employee benefits

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Current	232,571	266,697
Non-current	-	-
	232,571	266,697

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 12. Issued capital

	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
Consolidated	Shares	Shares	\$	\$
Ordinary shares - fully paid	73,328,415	73,328,415	27,839,530	27,839,530
	73,328,415	73,328,415	27,839,530	27,839,530

Movements in ordinary shares for the financial year

Date	Details	Number of Shares	\$
30 Jun 2023	Balance	73,328,415	27,839,530
		-	-
31 Dec 2023	Balance	73,328,415	27,839,530

Note 13. Reserves

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Options reserve	871,990	871,990
Performance rights reserve	1,335,662	1,273,662
	2,207,652	2,145,652

The reserves are used to recognise share-based payment transactions. Amounts will be transferred to issued share capital upon share options or performance rights being exercised, or long-term incentive shares being converted.

Movements in options reserve for the year

Date	Details	Number of Options	\$
30 Jun 2023	Balance	2,644,861	871,990
31 Dec 2023	Lapsing of options - expired 30 September 2023	(2,644,861)	
31 Dec 2023	Balance	-	871,990

Movements in performance rights reserve for the year

Performance Rights to Staff

The performance rights for staff are subject to the satisfaction of certain milestones; the performance rights are valued using the monte carlo, black sholes methods and KPI milestones.

Date	Details	Number of Performance Rights	\$
30 Jun 2023	Balance	3,260,000	1,273,662
31 Dec 2023	Share based payments - LTI shares	-	62,000
31 Dec 2023	Balance	3,260,000	1,335,662

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 14. Dividends

No dividends were paid during the financial period ended 31 December 2023 (2022: Nil). Franking credits available for subsequent periods based on a 25% tax rate is Nil (31 December 2022: 25%).

Note 15. Contingent assets and liabilities

Contingent assets

No contingent assets are noted as at 31 December 2023 (31 December 2022: Nil).

Contingent liabilities

In the opinion of the Directors, the consolidated group does not have any contingent liabilities. The consolidated group had contingencies concerning deferred consideration shares as at 31 December 2023 (31 December 2023: deferred consideration shares and consultancy services agreement).

Note 16. Commitments

There are no lessee commitments as at 31 December 2023 related to equipment operating lease commitments (31 December 2022: \$0). The consolidated group has recognized the facility lease commitments as right-of-use assets at its primary place of business. Refer to Note 7 for right-of-use assets.

Lessor commitments receivable

Lessor commitments relate to operating lease payments to be received from WaaS license agreements. Licenses have a minimum term of 0-3 years (generally 3-year minimum terms). As at 31 December 2023, there were no lessor commitments.

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Within 1 year	-	24,141
	-	24,141

Note 17. Related party transactions

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Ventnor Capital Pty Ltd provided company secretarial, accounting and corporate advisory services (director-related entity of Mr Carmichael)	-	73,706
	-	73,706

Note 18. Events after the reporting period

On 21 February 2024 the parent company entered voluntary administration and announced that it had appointed Administrators. The Administrators were also appointed to the wholly owned subsidiary Keyhole Tig Pty Ltd. The appointment did not extend to the other subsidiaries of the Consolidated Group and these subsidiaries continued to trade on a business as usual basis.

The Deed of Company Arrangement ("DOCA") was executed on 12 April 2024 and effectuated on 16 April 2024. Upon effectuation the companies exited external administration and control was returned to existing directors.

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

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2023

Note 19. Reconciliation of loss after tax to net cash from operating activities

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax expense for the year	(2,006,201)	(2,287,049)
<i>Adjustments for:</i>		
Depreciation	160,156	127,799
Amortisation of trademarks	5,559	5,574
Share based payments	62,000	217,585
Property, plant and equipment written-off	(20,573)	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade receivables	417,248	716,003
(Increase)/decrease in other receivables and prepayments	10,792	-
(Increase)/decrease in inventories	240,490	(1,109,728)
Increase/(decrease) in trade payables	440,190	319,763
Increase/(decrease) in income in advance	160,050	(114,212)
Increase/(Decrease) in employee benefits	(34,126)	33,136
Increase/(Decrease) in financial liabilities	100,274	-
Net cash to (used in) operating activities	(464,141)	(2,091,129)

Note 20. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1. Details of the legal parent's subsidiary at the end of the reporting period are as follows:

Name	Principal place of business / Country of Incorporation	Ownership Interest	
		31 Dec 2023	30 June 2023
		%	%
Kabuni USA Inc.	United States	100%	100%
Stirling Minerals Pty Limited	Australia	100%	100%
Keyhole TIG Pty Limited	Australia	100%	100%
Keyhole TIG (USA) Inc.	United States	100%	100%
Keyhole TIG (UK) Pty Ltd	United Kingdom	100%	100%

Note 21. Operating segment

The consolidated group is considered to be one operating segment based on products delivered. This operating segment is based on the internal reports reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. Accordingly, the information presented in the financial statements approximates the information of the operating segment.

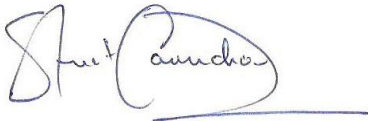
K-TIG Limited and its Controlled Entities
Directors Declaration
For the half-year ended 31 December 2023

In the director's opinion:

- the attached financial statements and notes comply with the Corporations Act 2001 and the Australian Accounting Standards 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 group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date;
- 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

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', with a horizontal line underneath.

Stuart Carmichael
Chairman

30 September 2024
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF K-TIG LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of K-TIG Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- ii. Complying with 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

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 Group's ability to continue as a going concern and therefore the Group 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.



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 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 true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility 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 Group's financial position as at 31 December 2023 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.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit Pty Ltd

A handwritten signature in black ink that reads 'JD Carver'.

Josh Carver
Director

Adelaide, 30 September 2024