K-TIG Limited and Its Controlled Entities

ABN 28 158 307 549

Consolidated Annual Report - 30 June 2024

K-TIG Limited
Corporate directory
30 June 2024

Directors as at the date of this report	Stuart Carmichael, Non-Executive Chairman Adrian Smith, Non-Executive Director Anthony McIntosh, Non-Executive Director Darryl Abotomey, Non-Executive Director
Company secretary as at the date of this report	Jack Rosagro
Registered office	Level 5, 191 St Georges Terrace, Perth, WA 6000
Principal place of business	Building 5 9 William Street Mile End SA 5031
Share register	Automic 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 5000
Solicitors	Hamilton Locke Level 27, 152-158 St Georges Terrace Perth, WA 6000
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: KTG)
Website	www.k-tig.com

K-TIG Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of K-TIG Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

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

Stuart Carmichael
Adrian Smith
Anthony McIntosh
Darryl Abotomey
Syed Basar Shueb (resigned 17 April 2024)
Trish White (resigned 7 August 2023)

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 (30 June 2023: 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 year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,154,326 (30 June 2023: $6,431,750).

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.

The group recorded $2,209,763 of revenue for the current year (2023: $3,095,723). The reduction in revenue was mainly attributable to customers delaying their commitment to purchases due to their uncertainty of the economic situation arising from higher interest rates and the slowing down of economies across major markets as well as the impact of the voluntary administration process on K-TIG Limited and its Australian subsidiary, Keyhole TIG Pty Ltd, during the period.

Loss from ordinary activities for the Group after providing for income tax to $1,154,326 (2023: $6,431,750). The reduction in the loss is mainly attributable to the accounting treatment associated with debt forgiveness during the period.

K-TIG continues working with clients and prospective clients in highly regulated industries to demonstrate the advantages of Keyhole TIG welding to their applications. In addition, K-TIG continues to invest in R&D to expand the range of metals that can be used utilising the K-TIG technology.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2024 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.

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.

Information on directors

Name:	Stuart Carmichael
Title:	Non-Executive Chairman (Appointed 30 June 2017)
Qualifications:	B Com, C.A (Aust)
Experience and expertise:	Mr Carmichael has extensive international corporate advisory, mergers and acquisitions, and operational experience. Mr Carmichael held various senior executive leadership positions with UGL, DTZ, AJG and KPMG Corporate Finance. Mr Carmichael has extensive corporate and operational experience across multiple geographies, having lived and worked in the US, UK, Europe, the Middle East and Australia. Mr Carmichael's sector experience includes the construction, transportation and logistics, facilities management, corporate real estate and professional services sectors. Mr Carmichael graduated from the University of Western Australia with a Bachelor of Commerce degree, majoring in Accounting and Finance and is a qualified Chartered Accountant.
Other current directorships:	-
Former directorships (last 3 years):	Non-Executive Director of Osteopore Limited (ASX:OSX) - Resigned October 2021 Non-Executive Director of Swick Mining Services Limited (ASX:SWK)- Resigned February 2022 Non-Executive Chairman of Schrole Limited (ASX:SCL) - Resigned May 2022 Non-Executive Director of ClearVue Technologies Limited (ASX:CPV) – Resigned June 2023 Non-Executive Director of Harvest Technology Group Limited (ASX:HTG) – Resigned October 2022 Non-Executive Director of De.mem Limited (ASX:DEM) - Resigned November 2023 Non-Executive Director of Orexplore Technologies Limited (ASX:OXT) - Resigned November 2023

Name:	Syed Basar Shueb
Title:	Non-Executive Director (Appointed 30 September 2019. Resigned 17 April 2024)
Qualifications:	Bachelor of Science in Computer Engineering
Experience and expertise:	Mr Shueb is the General Manager of the Pal Group of Companies, a subsidiary of the Abu Dhabi-based Royal Group, chaired by His Highness Sheikh Tahnoon Bin Zayed Al Nahyan, and is the Chairman of Royal Falcon Mining LLC. Mr Shueb has extensive experience in the process, manufacturing, fabrication, construction and service industries.
Other current directorships:	-
Former directorships (last 3 years):	-

Name:	Adrian Smith
Title:	Non-executive Director (26 February 2024) Managing Director (Appointed 1 November 2020 - 26 February 2024)
Qualifications:	B.E. (Hons), B.SC. MBA, FAICD
Experience and expertise:	Mr Smith has both large public company and private SME board experience and has demonstrated history of growing innovative, business-to-business companies in both Managing Director and Chief Executive Officer roles. Skilled at working with technology and business entrepreneurs to transition companies from small start-ups into sustainable enterprises, Mr Smith brings a strong focus on managing people and relationships to deliver exceptional performance. Mr Smith has previously had the role of Managing Director of Rheinmetall Defence Australia Pty Ltd. Previously, Mr Smith was the founder and Chief Executive Officer of Sydac, a simulation and training business. Sydac was founded in 1988 and culminated in becoming the world's #2 supplier of railway training systems with a staff of 135 and offices in Australia, Europe and India before negotiating an exit with German multi-national Knorr-Bremse GmbH.
Other current directorships:	Non-Executive Director UniSA Ventures
Former directorships (last 3 years):	-

Name:	Anthony McIntosh
Title:	Non-Executive Director (Appointed 23 June 2020)
Qualifications:	B Com, GAICD
Experience and expertise:	Mr McIntosh has extensive experience in investment marketing, investor relations and strategic planning, with a focus on small caps, as well as a strong and well-established network of stockbroking and investment fund manager. Mr McIntosh is a graduate of the Australian Institute Company Director course and Bond University with a Bachelor of Commerce degree majoring in marketing.
Other current directorships:	Non-Executive Director of Strategic Energy Resources Limited (ASX:SER) - appointed 7 October 2020 Non-Executive Director of Copper Strike Resources Limited (ASX:CSE) - appointed 25 November 2020 Non-Executive Director of Koonenberry Gold Limited (ASX:KNB) - appointed 30 June 2021
Former directorships (last 3 years):	Non-Executive Director of Alice Queen Limited (ASX:AQX) – May 2022

Name:	Trish White
Title:	Non-Executive Director (Appointed 1 December 2021 to 7 August 2023)
Qualifications:	AM BE BA DUniv (hc)(Adel) HonFIEAust FAICD
Experience and expertise:	Ms White is a professional director and advisor who brings substantial board-level experience in strategy, business development, major project and risk management. Ms White has a unique set of skills and capabilities formed over a career which spanned roles in broadcasting, defence science, national infrastructure projects, senior cabinet minister executive in the resources and energy sector and nonexecutive directorships. Ms White is currently Non-Executive Director of Flinders Port Holdings Pty Ltd, Non-Executive Director of Office of National Rail Safety Regulator and is a former Chair and National President of Engineers Australia. She has held directorships in the manufacturing, insurance and education sectors and was a senior cabinet minister in the South Australian Government with portfolios of Transport and Infrastructure, Urban Development and Planning, Science and Information Economy and Education.
Other current directorships:	-
Former directorships (last 3 years):	-

Name:	Darryl Abotomey
Title:	Non-Executive Director (Appointed 4 April 2022)
Qualifications:	B.Com, FCPA, MAICD
Experience and expertise:	Mr Abotomey brings over 40 years of executive leadership and financial expertise having held Board and executive leadership roles across manufacturing, global paper and packaging distribution and automotive aftermarket industries. Mr Abotomey was most recently Chief Executive Officer and Managing Director of Bapcor Limited, Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions, where during his 10 years in that role he was instrumental to the successful growth and expansion of the business in line with its strategic growth plan. Between 2006 and 2010, Mr Abotomey served as CFO/COO and Director of the Board of Exego Group Pty Limited (Repco) and as an independent director of CPI Group Ltd. From 2000, Mr Abotomey served as a Board Director and CFO of Paperlinx Limited, where he led the due diligence, funding and settlement negotiations for international acquisitions. He successfully transitioned the business involving multi-country legal, financial, statutory, business culture, cultural, tax and insurance issues. During his time at Amcor, Mr Abotomey was CFO of Sunclipse Inc, a subsidiary of Amcor based in the USA and held roles of regional and group general manager at Amcor Fibre Packaging and Amcor Printing Papers Group in Australia, where he was responsible for international trade, including logistics and supply chain. Mr Abotomey also gained extensive experience in strategy, business restructuring, information technology and product launching.
Other current directorships:	Adrad Limited (ASX: AHL) - Appointed 11 April 2023
Former directorships (last 3 years):	Bapcor Limited (ASX: BAP) – November 2011 to December 2021 Tye Soon Limited (SGX: BFU) May 2021 to December 2021

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Jack Rosagro (Appointed 25 June 2024)
Mr Rosagro is an experienced company secretary and corporate governance advisor to a portfolio of companies including ASX listed and unlisted public companies across a number of industries. Jack is a Fellow member of the Governance Institute of Australia.

Brett Tucker (Appointed 5 January 2017 and resigned 25 June 2024)
Mr. Tucker has acted as Company Secretary to several ASX listed and private companies and has been involved in numerous public corporate acquisitions and transactions. Mr. Tucker is a Chartered Accountant with a strong corporate and compliance background gained from experience in an international accounting practice, working in audit and taxation across a wide range of industries.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Number eligible to attend	Number attended
Stuart Carmichael	26	26
Syed Basar Shueb (1)	25	-
Adrian Smith	26	24
Anthony McIntosh	26	20
Darryl Abotomey	26	24
Trish White(1)	3	3

Held: represents the number of meetings held during the time the director held office.

[1]Resigned as director during the financial year. Refer above to 'Directors Information' for date of resignation.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The Board is responsible for determining and reviewing directors and senior executives compensation arrangements. The Board assesses the appropriateness of the nature and amount of emoluments of such officers yearly by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. The expected outcome of this remuneration structure is to retain and motivate the Directors and Senior Executives.

The board has adopted a formal Remuneration Committee Charter and Remuneration Policy as part of its Corporate Governance Policies and Procedures. Currently, the entire Board performs the function of the Remuneration Committee. However, given that the consolidated group remains at an early stage of development, the Board’s overall approach to compensation remains subject to change. Accordingly, it will continue to evolve as the consolidated entity grows and develops its business.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
The Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders. The remuneration of executive Directors will be set by the Directors and may be paid by way of a fixed salary or consultancy fee.

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors’ fees and payments are reviewed annually by the Board. Non-executive Directors do not receive performance-based pay.

The maximum aggregate amount which has been approved to be paid to non-executive Directors is currently set at A$500,000 per annum.

Executive directors
Executive Directors are not entitled to receive any additional compensation, including employee options, in their capacity as Directors.

Chairman's fees
The chairman's fees are determined independently of the fees of non-executive Directors based on comparative roles in the external market.

Additional fees
A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors
Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the Directors' overall fee entitlements where applicable.

Executive remuneration
Compensation objectives

Pursuant to the Remuneration Policy, the consolidated group's compensation policies and practices are designed to:
- (a) align executive remuneration with shareholder interests;
- (b) retain, motivate and reward appropriately qualified executive talent for the benefit of the consolidated group;
- (c) to achieve a level of remuneration that reflects the competitive market in which the consolidated group operates;
- (d) to ensure that individual remuneration is linked to performance criteria if appropriate; and
- (e) to ensure that executives are rewarded for both financial and non-financial performance.

The Board aims to satisfy these objectives by adopting a compensation program for executive officers that combines base remuneration, which is market-related, with performance-based remuneration, which is determined annually. All market comparisons reflect an informal assessment and are based on the Board's knowledge and experience in executive compensation matters. The Company retained no remuneration consultant in determining the remuneration of any of the KMP.

Overall remuneration decisions are subject to the discretion of the Board. They can be changed to reflect competitive and business conditions in the consolidated group's and shareholders' interests to do so. Executive remuneration and other terms of employment are reviewed annually by the Board regarding the performance and relevant comparative information.

Compensation components
In accordance with the remuneration policy, the compensation currently consists primarily of three elements: base salary, cash bonus and long-term equity incentives. Each element of compensation is described in more detail below.

Base salary
A primary element of the Company's compensation program is base salary. The Company believes a competitive base salary is necessary to attract and retain qualified executive officers. Accordingly, the amount payable to an executive officer is determined based on the scope of their responsibilities and prior experience while considering an informal evaluation of competitive market compensation for similar positions and overall market demand for such executives at the time of hire.

Base salaries are reviewed annually and increased for merit reasons, based on the executive officer's success in meeting or exceeding Company and individual objectives. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of the executive officer's role or responsibilities and market competitiveness.

Cash bonus plan
Remuneration for certain individuals is directly linked to the performance of the consolidated group. A portion of a cash bonus and incentive payments are dependent on defined milestones being met. In addition, ad hoc cash bonuses may be paid from time to time if deemed appropriate by the Board, based on the attainment of particular objectives.

Long-term equity incentives
Equity-based awards are a variable element of compensation that allows executive officers to be rewarded for their sustained contributions to the consolidated group. Equity awards reward continued employment by an executive officer, with an associated benefit to K-TIG of attracting employees, continuity and retention. Executives may participate in share, performance rights and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the Board considers it appropriate to retain the flexibility to issue shares, performance rights and options to executives outside of approved schemes in exceptional circumstances.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')
At the 2023 AGM, 89.27% (2022: 99.17%) of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Details of the consolidated group's remuneration of key management personnel are set out in the following tables.

The value of remuneration received or receivable by key management personnel for the consolidated group for the financial year is as follows:

Non executive directors were not paid a fee during the financial year. Upon the Company entering Voluntary Administration all directors fees accrued were written off and the Consolidated Entity was relieved of its obligation for repayment.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Stuart Carmichael	-	-	-	-	-	-	-
Syed Basar Shueb(1)	-	-	-	-	-	-	-
Adrian Smith (2)	204,167	-	-	22,458	-	62,000	288,625
Anthony McIntosh	-	-	-	-	-	-	-
Darryl Abotomey	-	-	-	-	-	-	-
Trish White(1)	-	-	-	-	-	-	-
	204,167	-	-	22,458	-	62,000	288,625

[1]Directors resigned during the current financial year. Refer to 'information on directors' section above for date of resignation.

[2]In March 2024 Adrian Smith transitioned from managing director to non-executive director. Refer to "information on directors" section above for date of transition.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Stuart Carmichael	85,000	-	-	8,925	-	10,699	104,624
Syed Basar Shueb	60,000	-	-	6,300	-	10,699	76,999
Adrian Smith	350,000	262,500	-	36,896	-	255,713	905,109
Anthony McIntosh	60,000	-	-	6,300	-	10,699	76,999
Darryl Abotomey	60,000	-	-	6,300	-	-	66,300
Trish White(1)	60,000	-	-	6,300	-	-	66,300
David Acton (2)	30,000	-	-	3,150	-	-	33,150
	705,000	262,500	-	74,171	-	287,810	1,329,481

(1) Appointed 1 December 2021, resigned 7 August 2023.
(2) Appointed 1 December 2021, resigned 31 December 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2024	2023	2024	2023	2024	2023
Stuart Carmichael	-	90%	-	-	-	10%
Syed Basar Shueb	-	86%	-	-	-	14%
Adrian Smith	78%	43%	-	29%	22%	28%
Anthony McIntosh	-	86%	-	-	-	14%
Darryl Abotomey	-	100%	-	-	-	-
Trish White(1)	-	100%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. In 2023 Adrian Smith was entitled to an STI cash bonus of up to 75% of base salary (excluding super) payable each anniversary (01 November) subject to the satisfaction of mutually agreed revenue and operational KPI's. The Board has approved the maximum 75% of base salary payable, and the bonus was accrued evenly up to 30 June 2023 on this basis. The bonus was payable on the anniversary of the commencement of employment as Managing Director. Upon the Company entering Voluntary Administration the accrual for the bonus was written off and the Company was relieved of its obligation to pay. There was no bonus accrued or paid during the current financial year.

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Adrian Smith
Title:	Managing Director (from 1 November 2020 - 26 February 2024)
Agreement commenced:	1 November 2020 (as an amendment to the existing Executive Services Agreement)
Term of agreement:	Until 1 November 2023 (1 month written notice)
Details:	Base salary of $29,166.67 per month plus superannuation Cash bonus of up to 75% of base salary (excluding superannuation) subject to the satisfaction of mutually agreed KPI's Grant of 1,800,000 after consolidated conversion (1 to 2.5 basis) long-term incentive shares to be issued at subsequent anniversary dates of commencement of employment in the new role The Board will conduct a review of the terms annually

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024. There were 1,200,000 performance rights over ordinary shares issued to directors and other key management personnel as part of compensation in previous financial years that were outstanding as at 30 June 2024.

Name	Number of Performance Rights Granted (adjusted for prior year's 1 to 2.5 consolidated conversion)	Grant Date	Milestone Date	Expiry Date	Exercise Price	Fair Value per Performance Right at Grant Date
Stuart Carmichael		27/11/2020		22/12/2025		
Class A	200,000		Before 1 Apr 2021		$0.00	$0.0995
Class B	200,000		Before 1 Oct 2021		$0.00	$0.1252
Class C	200,000		Before 1 Oct 2022		$0.00	$0.1563
Anthony McIntosh		27/11/2020		22/12/2025		
Class A	200,000		Before 1 Apr 2021		$0.00	$0.0995
Class B	200,000		Before 1 Oct 2021		$0.00	$0.1252
Class C	200,000		Before 1 Oct 2022		$0.00	$0.1563
	1,200,000					

* Tranche 1 (Class A): 600,000 performance rights will vest when the Company achieves a volume-weighted average price (“VWAP”) of at least $0.35 over any twenty consecutive trading day period before 1 April 2021;

** Tranche 2 (Class B): 600,000 performance rights will vest when the Company achieves a VWAP of at least $0.50 over any twenty consecutive trading day period before 1 October 2021; and

*** (Tranche 3 (Class C): 600,000 performance rights will vest when the Company achieves a VWAP of at least $0.75 over any twenty consecutive trading day period before 1 October 2022.

Performance rights granted carry no dividend or voting rights. All performance rights were granted over unissued fully paid ordinary shares in the Company. Performance rights vest based on the vesting period, whereby the executive becomes beneficially entitled to the performance rights on the vesting date. Performance rights are exercisable by the holder from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. No amounts are paid or payable by the recipient regarding granting such performance rights.

Tranche 1 had already vested before the relevant milestone date of 1 April 2021. Tranche 2 had already vested before the relevant milestone date of 1 October 2021. Tranche 3 had also vested prior to the milestone date of 1 October 2022. Accordingly, the holders had not exercised the vested performance rights as of 30 June 2024.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Options
No options were granted to directors and other key management personnel as part of compensation during the year ended 30 June 2024 or 30 June 2023.

Long-term incentive shares

The terms and conditions of each grant of long-term incentive shares affecting the remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Shared-Based Payment expense of Long Term Incentive Shares expensed during the year $	Value of Long Term Incentive Shares exercised during the year $	Value of Long Term Incentive Shares lapsed during the year $	Remuneration consisting of Long Term Incentive Shares for the year %
Adrian Smith	62,000	-	-	22%

On 1 November 2020, Mr Smith was appointed as Managing Director of the Company. The arrangement was that shares will be issued at each employment anniversary, with 50% of shares issued subject to a voluntary escrow period of 12 months.

Long-Term Incentive Shares	Balance at the Start of the Year	Number of Long-Term Incentive Shares cancelled during the Year	Balance at the end of the Year
Adrian Smith	800,000	(800,000)	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Stuart Carmichael	70,176	-	-	-	70,176
Syed Basar Shueb [(1)]	1,011,262	-	-	(1,011,262)	-
Adrian Smith	1,040,000	-	-	-	1,040,000
Anthony McIntosh	504,286	-	-	-	504,286
Darryl Abotomey	-	-	-	-	-
Trish White [(1)]	57,143	-	-	(57,143)	-
	2,682,867	-	-	(1,068,405)	1,614,462

[(1)] The other column relates to directors who resigned during the current financial year. Refer to "information on directors" section for date of resignation.

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated group, including their personally related parties, is set out below:

Performance Rights over Ordinary Shares	Balance at the start of the year	Granted	Exercised	Other	Balance at the end of the year
Stuart Carmichael	600,000	-	-	-	600,000
Syed Basar Shueb (1)	600,000	-	-	(600,000)	-
Adrian Smith	-	-	-	-	
Anthony McIntosh	600,000	-	-	-	600,000
Darryl Abotomey	-	-	-	-	
Trish White	-	-	-	-	
Total	1,800,000	-	-	(600,000)	1,200,000

(1) Other column refers to performance rights held by a director who resigned. Director resigned on 17 April 2024 after performance rights vested on 20 November 2023.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired (1)	Balance at the end of the year
Options over ordinary shares					
Stuart Carmichael	148,000	-	-	(148,000)	-
Syed Basar Shueb	72,000	-	-	(72,000)	-
Adrian Smith	72,000	-	-	(72,000)	-
Anthony McIntosh	72,000	-	-	(72,000)	-
Darryl Abotomey	-	-	-	-	-
Trish White	-	-	-	-	-
	364,000	-	-	(364,000)	-

(1) Options expired on 30 September 2023.

Other transactions with key management personnel and their related parties
During the financial year, payments for company secretarial, accounting and corporate advisory fees, totalling $2,799 (30 June 2023: $195,946), were made to Ventnor Capital Pty Ltd (the director-related entity of Mr Carmichael). The current trade and other payable balance as at 30 June 2024 $NIL (30 June 2023: $97,224). All transactions were made on normal commercial terms and conditions and at market rates. During the current financial year the Company appointed an independent firm to provide secretarial, accounting and corporate advisory services.

No related party loans were held or provided by the Company at any time during the financial year (30 June 2023: nil).

This concludes the remuneration report, which has been audited.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024 $	2023 $	2022 $	2021 $	2020 $
Sales revenue	2,209,763	3,095,724	3,702,512	1,561,556	333,366
EBITDA	(722,935)	(6,061,852)	(5,767,474)	(4,233,702)	(8,245,702)
EBIT	(987,723)	(6,251,718)	(5,954,261)	(4,473,399)	(8,407,290)
Loss after income tax	(1,154,326)	(6,431,749)	(5,962,663)	(4,482,667)	(8,411,825)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end ($)[1]	-	0.14	0.25	0.44	0.19
Total dividends declared (cents per share)[1]	-	-	-	-	-
Basic earnings per share (cents per share)	(1.57)	(3.20)	(3.43)	(2.76)	(6.97)

[1] The Company was suspended during the financial year and a quoted share price was not available as at 30 June 2024.

Shares options and performance rights
At the date of this report there were no unissued ordinary shares of K-TIG Limited under option and 2,400,000 unissued ordinary shares under performance rights.

Shares issued on the exercise of options
There were no ordinary shares of K-TIG Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar, or in certain cases, the nearest dollar.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 – Part 4A of Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit Pty Ltd
There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

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 resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

____
Stuart Carmichael
Chairman

30 September 2024

Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

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

As lead auditor of K-TIG Limited for the year ended 30 June 2024, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of K-TIG Limited and the entities it controlled during the period.

JDCarver

Josh Carver
Director

BDO Audit Pty Ltd

Adelaide, 30 September 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

General information

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

K-TIG Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

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 30 September 2024. The directors have the power to amend and reissue the financial statements.

K-TIG Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue			
Sales revenue	3	2,209,763	3,095,723
Cost of sales		(1,385,789)	(1,503,759)
Gross profit		823,974	1,591,964
Other income	4	82,848	653,925
Debt Forgiven	6,5	1,714,489	-
Expenses			
Employee benefits expense		(1,908,490)	(4,601,726)
Other expenses		166,430	(39,419)
Marketing expense		(123,701)	(325,291)
Corporate expense	7	(1,150,004)	(821,497)
Service expense		(337,807)	(290,230)
Office/workshop expense		(272,093)	(419,967)
Travel expense		(119,220)	(343,727)
R&D expense		(30,752)	(78,975)
Due Diligence and Pre-Acquisition Costs	7	-	(1,756,807)
Loss before income tax expense		(1,154,326)	(6,431,750)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of K-TIG Limited	39	(1,154,326)	(6,431,750)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		847,722	330,012
Other comprehensive income for the year, net of tax		847,722	330,012
Total comprehensive loss for the year attributable to the owners of K-TIG Limited		(306,604)	(6,101,738)
		Cents	**Cents**
Basic earnings per share	35	(1.57)	(3.20)
Diluted earnings per share	35	(1.57)	(3.20)

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

K-TIG Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	9	296,233	818,859
Trade and other receivables	10	249,551	872,104
Inventories	11	2,039,108	1,841,307
Other financial assets	37	5,000	740,000
Total current assets		2,589,892	4,272,270
Non-current assets			
Trade and other receivables	10	14,150	14,150
Property, plant and equipment	12	337,819	513,578
Right-of-use assets	13	524,821	661,114
Intangibles	14	13,324	19,819
Total non-current assets		890,114	1,208,661
Total assets		3,480,006	5,480,931
Liabilities			
Current liabilities			
Trade and other payables	15	258,452	2,491,141
Lease liabilities	18	305,713	111,135
Financial liabilities	17	3,000,000	2,837,220
Employee benefits	19	53,490	266,697
Amounts received in advance	16	618,474	444,259
Total current liabilities		4,236,129	6,150,452
Non-current liabilities			
Lease liabilities	18	258,164	565,162
Employee benefits	19	-	-
Total non-current liabilities		258,164	565,162
Total liabilities		4,494,293	6,715,614
Net liabilities		(1,014,287)	(1,234,683)
Equity			
Issued capital	20	27,839,530	27,839,530
Other reserves	38	1,648,069	335,347
Share Based Payment Reserves	21	2,207,652	2,145,652
Accumulated losses	39	(32,709,538)	(31,555,212)
Total deficiency in equity		(1,014,287)	(1,234,683)

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

K-TIG Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	**Issued capital $**	**Share Based Payment Reserves $**	**Other reserves $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2022	27,299,304	2,566,786	5,335	(25,123,462)	4,747,963
Loss after income tax expense for the year	-	-	-	(6,431,750)	(6,431,750)
Other comprehensive income for the year, net of tax	-	-	330,012	-	330,012
Total comprehensive income for the year	-	-	330,012	(6,431,750)	(6,101,738)
Transactions with owners in their capacity as owners:					
Share-based payments	125,225	(125,225)	-	-	-
Share-based payments - performance rights, net of transaction costs	-	109,091	-	-	109,091
Cost of Capital Raise	(140,000)	-	-	-	(140,000)
Issue of shares, net of transaction costs	150,001	-	-	-	150,001
Conversion of long term incentive shares to director	405,000	(405,000)	-	-	-
Balance at 30 June 2023	27,839,530	2,145,652	335,347	(31,555,212)	(1,234,683)

Consolidated	**Issued capital $**	**Share base payment reserves $**	**Other reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2023	27,839,530	2,145,652	335,347	(31,555,212)	(1,234,683)
Loss after income tax expense for the year	-	-	-	(1,154,326)	(1,154,326)
Other comprehensive income for the year, net of tax	-	-	847,722	-	847,722
Total comprehensive income for the year	-	-	847,722	(1,154,326)	(306,604)
Transactions with owners in their capacity as owners:					
Share-based payments	-	62,000	-	-	62,000
DOCA Contribution	-	-	465,000	-	465,000
Balance at 30 June 2024	27,839,530	2,207,652	1,648,069	(32,709,538)	(1,014,287)

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

K-TIG Limited
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,929,953	3,202,171
Payments to suppliers and employees (inclusive of GST)		(4,923,870)	(8,333,677)
		(1,993,917)	(5,131,506)
Interest received		19,631	10,088
Other income		42,644	643,838
Interest and other finance costs paid		(49,343)	(7,909)
Net cash used in operating activities	32	(1,980,985)	(4,485,489)
Cash flows from investing activities			
Payments for property, plant and equipment		(38,982)	(266,021)
Proceeds from disposal of property, plant and equipment		113,314	-
Proceeds from disposal of financial assets		35,000	-
Net cash from/(used in) investing activities		109,332	(266,021)
Cash flows from financing activities			
Proceeds from issue of shares		-	150,000
Proceeds from convertible note		1,000,000	2,000,000
Payments for rights issue cost		-	(140,000)
Proceeds from DOCA Contribution		465,000	-
Repayment of lease liabilities		(112,420)	(126,376)
Net cash from financing activities		1,352,580	1,883,624
Net decrease in cash and cash equivalents		(519,073)	(2,867,886)
Cash and cash equivalents at the beginning of the financial year		818,859	3,726,745
Effects of exchange rate changes on cash and cash equivalents		(3,553)	(40,000)
Cash and cash equivalents at the end of the financial year	9	296,233	818,859

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

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Certain amounts in the prior period's financial statements have been reclassified to conform with the current period's presentation. These reclassifications are for presentation purposes only and have not impacted previously reported net loss after income tax, net assets or total equity.

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.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Going Concern
For the year ended 30 June 2024, the consolidated group reported a loss before income tax of $1,154,326 (2023: $6,431,750) and net cash used in operating activities of $1,980,985 (2023: $4,485,489 cash used). The reduction in loss is mainly attributable to reduced corporate costs and implications of entering into voluntary administration. Impact of entering into voluntary administration included income of $ 1,714,489 (refer note 6).

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

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Should the Group be unable to maintain sufficient funding outlined above, there are material uncertainties that may cast significant doubt about the Groups' ability to continue 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.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Note 1. Material accounting policy information (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of K-TIG Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. K-TIG Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is K-TIG Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Note 1. Material accounting policy information (continued)

WaaS
Welding as a Service (WaaS) revenue is recognised at an amount that reflects the greater of the minimum monthly charge or the usage rate stipulated in the contract, which the consolidated group is expected to be entitled to under an operating lease in accordance with AASB 16. The minimum term of the license or lease period is generally three years. The license or lease equipment is capitalised as an asset and depreciated over the expected useful life being five years. Upon signing of the license or lease contract, the customer is generally required to make a prepayment which is recorded on the statement of financial position as “Amounts received in advance”. After delivery and commissioning of the WaaS asset, the prepayment is applied against the monthly fee until it is exhausted.

Revenue from government grants
Grant income is recognised in line with AASB 120, when there is reasonable assurance that the consolidated group has complied with the conditions attached to the grant.

Debt forgiven
Debt forgiveness income arises when the Consolidated Entity's obligation to pay a debt is released. The amount of income recognised is equal to the portion of the debt that is no longer repayable. Debt forgiveness income is classified as other income.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Prior to the acquisition of Keyhole TIG Limited in September 2019, K-TIG Limited (the 'legal parent') and its wholly-owned Australian subsidiaries had formed an income tax consolidated group under the tax consolidation regime. The legal parent and each subsidiary in the consolidated tax group continue to account for their own current and deferred tax amounts. Accordingly, the consolidated tax group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to the consolidated tax group members.

In addition to its own current and deferred tax amounts, the legal parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the consolidated tax group.

Note 1. Material accounting policy information (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the legal parent to the subsidiaries nor a distribution by the subsidiaries to the legal parent.

Current and non-current classification
Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets
Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows. The contractual terms of the financial assets give rise to cash flows that are solely principal payments and interest on the principal amount outstanding. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The consolidated group’s cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred, and the consolidated group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 1. Material accounting policy information (continued)

Impairment of financial assets
The consolidated group recognises a loss allowance for expected credit losses on financial assets, which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that are attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability-weighted present value of anticipated cash shortfalls over the instrument's life discounted at the original effective interest rate.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

WaaS assets	5 years
Leasehold improvements	2 years
Plant and equipment	2.5 - 20 years
Computer equipment	3 years

If appropriate, the residual values, useful lives and depreciation methods are reviewed and adjusted at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the disposed item is transferred directly to retained profits.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received and any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Material accounting policy information (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for rendering services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 1. Material accounting policy information (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DOCA contribution reserve
To support the Consolidated Entity through voluntary administration the Consolidated Entity's existing shareholders provided a capital contribution. This contribution has been classified as equity and recorded in reserves.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and a lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised or an option to terminate the lease will not be exercised when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option or not to exercise a termination option are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; the existence of significant leasehold improvements; and the costs and disruption of replacing the asset. The consolidated group reassesses whether it is reasonably certain to exercise an extension option or not exercise a termination option if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Sales revenue

	Consolidated	
	2024 $	2023 $
Sale of goods	1,908,746	2,700,073
Rendering services	243,886	297,128
Other trading revenue	8,640	35,752
Revenue from Waas lessor arrangements	48,491	62,770
	2,209,763	3,095,723

Note 3. Sales revenue (continued)

	Consolidated 2024	Consolidated 2023
Geographical regions		
United States	832,155	1,188,290
Rest of the World	399,889	565,692
Asia Pacific (including New Zealand)	265,470	559,897
United Kingdom	699,685	541,034
Australia	12,564	240,811
	2,209,763	3,095,724

	Consolidated 2024 $	Consolidated 2023 $
Timing of revenue recognition		
Revenue recognised at a point in time	2,161,272	3,032,953
Revenue recognised over time	48,491	62,770
	2,209,763	3,095,723

Note 4. Other income

	Consolidated 2024 $	Consolidated 2023 $
Net gain on disposal of property, plant and equipment	26,597	-
Research & development tax incentive	42,644	635,262
Other income	-	8,575
Interest received	13,607	10,088
Other income	82,848	653,925

Note 5. Voluntary administration and the Deed of Company Arrangement

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.

Further to the appointment the Administrators took control of the companies' assets, undertakings and operations. The Administrators conducted an urgent assessment of the Companies' financial position with a view to sell or recapitalise.

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.

Note 5. Voluntary administration and the Deed of Company Arrangement (continued)

Key terms of the DOCA were as follows:

An amount of $465,000 was paid by the proponents (parties associated with the Company) to the administrator to supplement working capital. This amount was recognised in reserves. Refer to note 38 for detail;

An amount of $1,000,000 was paid by the proponents to the administrator. Post effectuation this contribution was structured by way of a convertible note. Refer to note 17 for detail;

The transaction involved a Creditors Trust which are customary in these circumstances. The Creditors Trust expedited the Companies' exit from Deed Administration. The Companies unsecured creditors were transferred to the Creditors Trust and the Companies were relieved of their obligation to repay these debts. The Company recognised a debt forgiveness income (refer note 6);

Customers who paid deposits prior to the appointment of the Administrators will survive the DOCA and the Group will complete these orders;

Continuing employees entitlements will be preserved and will remain in place post DOCA. Non continuing employees entitlements were transferred to Creditors Trust; and

Directors and director related entities will receive nil return.

Note 6. Debt forgiven

When the Company entered Voluntary Administration the appointed Administrators established a Creditors Trust. Amounts owing by the Company to unsecured creditors and entitlements owing to non-continuing employees were transferred to this trust and the Company was relieved of its obligation for repayment. A debt forgiven income was recognised. Details as follows:

	Consolidated 2024 $
Entitlements owing to non-surviving employees	335,786
Unsecured creditors transferred to creditors trust	817,825
Non participating unsecured creditors	560,878
	1,714,489

Note 7. Expenses

	Consolidated 2024 $	Consolidated 2023 $
Loss before income tax includes the following specific expenses:		
Corporate expense		
Accounting, ASX and Audit fees	161,592	234,183
Bank fees	9,401	4,735
IT Costs	147,051	153,064
Professional fees	897,994	226,081
Telephone	21,843	23,403
Interest	166,603	180,031
Derecognition of financial assets and liabilities (refer note 17)	(254,480)	-
Total corporate expense	1,150,004	821,497

Professional fees for the current financial year included $473,472 of fees paid to the Voluntary Administrator.

	Consolidated 2024 $	Consolidated 2023 $
Superannuation expense		
Defined contribution superannuation expense	22,458	279,195
Due Diligence and Pre-Acquisition Costs		
General legal fees	-	9,121
Due Diligence and Pre-Acquisition Costs (GEL transaction)	-	1,756,807
Total due diligence and pre acquisition costs	-	1,765,928

The due diligence and pre acquisition cost related to the acquisition of Graham Engineering Limited ("GEL") which did not proceed. Market volatility caused by underlying macro events and underlying trading performance of GEL the acquisition of GEL did not proceed. The share purchase agreement executed on 22 March 2023 was terminated.

Note 8. Income tax expense

	Consolidated 2024 $	Consolidated 2023 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,154,326)	(6,431,750)
Tax at the statutory tax rate of 25%	(288,582)	(1,607,938)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	15,500	50,809
Due diligence and pre-acquisition costs	-	403,797
Non-deductible expenses	30,694	196,521
Non-assessable income	(355,508)	(158,815)
Deferred tax asset not recognised	597,896	1,115,626
Income tax expense	-	-

Note 8. Income tax expense (continued)

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised due to the uncertainty of future recovery. A re-assessment was carried out of unused tax losses from prior periods before the reverse takeover in September 2019; the balances are as follows:

	2024 $	2023 $
Unused tax losses - revenue	24,603,521	21,043,862
Unused tax losses - capital	2,181,919	2,181,918
Deductible temporary differences	5,009,474	6,201,491
	31,794,914	29,427,271
Potential benefit at 25% (2023: 25%)	7,948,728	7,356,818

Note 9. Cash and cash equivalents

	Consolidated	
	2024 $	2023 $
Current assets		
Cash at bank	296,233	818,859

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:

	Consolidated	
	2024 $	2023 $
Australian dollar	150,901	446,228
British pound	43,030	54,500
Euro	5,074	21,351
United states dollar	97,228	296,780
	296,233	818,859

Note 10. Trade and other receivables

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Trade receivables	75,901	237,207
Provision for expected credit losses*	-	-
	75,901	237,207
GST and VAT receivables	3,811	94,760
Prepayments	169,455	246,033
Other receivables	384	294,104
	173,650	634,897
	249,551	872,104
Non-current assets		
Other receivables	14,150	14,150
	263,701	886,254

*The consolidated group has recognized $ Nil (30 June 2023: $Nil) expected credit losses for the year ended 30 June 2024 due to the upfront nature of equipment sales and payments received during the next period from customers.

Allowance for expected credit losses

	Expected credit loss rate		Carrying amount	
	2024	2023	2024	2023
Consolidated	%	%	$	$
Not overdue	-	-	24,248	97,562
0 to 3 months overdue	-	-	22,441	113,608
3 to 6 months overdue	-	-	-	-
Over 6 months overdue	-	-	29,212	26,037
			75,901	237,207

Note 11. Inventories

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Materials and components	1,309,445	581,099
Finished goods	729,663	1,260,208
	2,039,108	1,841,307

Note 12. Property, plant and equipment

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Leasehold improvements - at cost	224,630	224,814
Less: Accumulated depreciation	(194,715)	(189,232)
	29,915	35,582
Plant and equipment - at cost	593,061	666,560
Less: Accumulated depreciation	(332,162)	(288,395)
	260,899	378,165
Computer equipment - at cost	101,416	139,644
Less: Accumulated depreciation	(79,561)	(91,363)
	21,855	48,281
WaaS assets - at cost	90,950	121,266
Less: Accumulated depreciation	(65,800)	(69,716)
	25,150	51,550
	337,819	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 at 1 July 2022	22	273,292	77,248	75,804	426,366
Additions	41,507	217,543	6,971	-	266,021
Disposals	-	-	-	-	-
Depreciation expense	(5,947)	(112,672)	(35,938)	(24,253)	(178,810)
Balance at 30 June 2023	35,582	378,163	48,281	51,551	513,577
Additions	-	38,982	-	-	38,982
Disposals	-	(57,886)	(13,513)	(21,341)	(92,740)
Depreciation expense	(5,667)	(98,360)	(12,913)	(5,060)	(122,000)
Balance at 30 June 2024	29,915	260,899	21,855	25,150	337,819

Note 13. Right-of-use assets

	Consolidated 2024 $	Consolidated 2023 $
Land and buildings	766,300	767,771
Less: Accumulated depreciation	(241,479)	(106,657)
	524,821	661,114

The consolidated group leases office and warehouse equipment under either short-term or low-value agreements. These have been expensed as incurred and not recognised as right-of-use assets.

Note 13. Right-of-use assets (continued)

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

Consolidated	ROU asset $
Balance at 1 July 2022	437,320
Additions	330,351
Depreciation expense	(106,557)
Balance at 30 June 2023	661,114
Foreign exchange differences	(1,471)
Depreciation expense	(134,822)
Balance at 30 June 2024	524,821

Note 14. Intangibles

	Consolidated	
	2024 $	**2023 $**
Non-current assets		
Trademarks - at cost	110,569	110,569
Less: Accumulated amortisation	(97,245)	(90,750)
	13,324	19,819

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

Consolidated	2023 $
Balance at 1 July 2022	30,876
Amortisation expense	(11,057)
Balance at 30 June 2023	19,819
Amortisation expense	(6,495)
Balance at 30 June 2024	13,324

Note 15. Trade and other payables

	Consolidated	
	2024 $	**2023 $**
Current liabilities		
Trade payables	195,774	1,416,857
Accrued expenses	-	826,409
Other payables	62,678	247,875
	258,452	2,491,141

Note 16. Amounts received in advance

	Consolidated	
	2024 $	2023 $
Amounts Received in Advance	618,474	444,259

Reconciliation
Reconciliation of the balances at the beginning and end of the current and previous financial year are set out below:

Opening balance	444,259	322,256
Sales and service	978,360	556,172
Transfer to revenue	(804,145)	(434,169)
Closing balance	618,474	444,259

Unsatisfied performance obligations - Sales and service
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was 618,474 as at 30 June 2024 (30 June 2023: $444,259) and is expected to be recognised as revenue in future periods as follows:

	2024 $	2023 $
Within 6 months	322,612	302,367
6 to 12 months	245,000	44,330
1-2 years	37,175	46,700
2-3 years	10,348	37,175
3-4 years	3,339	10,348
4-5 years	-	3,339
	618,474	444,259

Note 17. Financial liabilities

	Consolidated	
	2024 $	2023 $
Current liabilities		
Financial liability at amortised cost	2,000,000	2,313,238
Financial liability at fair value	-	462,787
Financial liability coupon interest expense	-	61,195
Financial liability at amortised cost	1,000,000	-
	3,000,000	2,837,220

Note 17. Financial liabilities (continued)

Convertible notes issued as part of DOCA contribution

On 21 February 2024 the Company entered voluntary administration. The Deed of Company Arrangement ("DOCA") was executed on 12 April 2024 and effectuated on 16 April 2024 (refer note 5). Key terms of the Proponent's DOCA proposal was a contribution of $1,000,000 paid to the Deed Administrator. Post effectuation this contribution was structured by way of a convertible note with the issuance of 1,000 convertible debt notes with a face value of $1,000 each. Terms of the convertible notes are as follows:
(i) convert automatically at the next capital raise at the same terms as the next capital raise price capped at $0.01 with one for one free attaching three
year options with a strike price of $0.01;
(ii) non redeemable; and
(iii) the maturity date is 24 month from the issue date.

As at the date of this report the terms of this convertible note are subject to shareholder approval. The note will be recognised as a financial liability at face value.

Convertible notes issued in March 2023

In March 2023, the consolidated group issued 2,000 convertible notes with a face value of $1,000 for proceeds of $2,000,000. The consolidated entity identified an embedded derivative being an instrument where its value changes in response to change in a specified financial instrument price, being the 8,000,000 Redemption Options. This instrument was identified as a financial liability valued at fair value with movements taken through the statement of profit or loss.

On 21 February 2024 the Company entered voluntary administration. The Deed of Company Arrangement ("DOCA") was executed on 12 April 2024 and effectuated on 16 April 2024. Voluntary administration and the effectuation of the DOCA defaulted the convertible note making it due and payable at face value. The consolidated group has some proposed revised terms for these convertible notes. As at the date of this report these proposed revised terms are subject to shareholder approval.

Further to the above the balance will remain as a financial liability. The embedded derivative component including the respective financial asset was derecognised and a gain was recorded (refer note 7) in the statement of profit or loss and other comprehensive income. The financial liability has been recognised at its face value of $2,000,000.

Note 18. Lease liabilities

	Consolidated	
	2024	**2023**
	$	**$**
Current liabilities		
Lease liability	305,713	111,135
Non-current liabilities		
Lease liability	258,164	565,162
	563,877	676,297

Refer to note 23 for further information on financial instruments.

Note 18. Lease liabilities (continued)

	2024 $	2023 $
Balance at 01 July	676,296	437,320
Addition	-	308,439
Interest expense	31,028	19,859
Repayments	(143,447)	(89,322)
Balance at 30 June	563,877	676,296

Note 19. Employee benefits

	Consolidated 2024 $	2023 $
Current liabilities		
Employee benefits	53,490	266,697
Non-current liabilities		
	-	-
	53,490	266,697

Employee benefits relates to annual leave provision for employees. No employees were entitled to long service leave and as such there was no provision.

Note 20. Issued capital

	Consolidated 2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	73,328,415	73,328,415	27,839,530	27,839,530

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.

Capital risk management
The consolidated group's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

To maintain or adjust the capital structure, the consolidated group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 20. Issued capital (continued)

Movements in ordinary shares for the financial year

Details	Date	Shares	$
Balance	1 July 2022	181,111,261	27,299,304
Conversion of long term shares to director	30 Dec 2022	1,500,000	405,000
Directors placement of shares	30 Dec 2022	428,571	150,000
Cost of Capital Raise	20 Mar 2023	-	(140,000)
Employee Incentive shares	31 Mar 2023	280,000	125,226
Consolidated Conversion (1 to 2.5 basis)	5 Jun 2023	(109,991,417)	-
Balance	30 June 2023	73,328,415	27,839,530
Balance	30 June 2024	73,328,415	27,839,530

Note 21. Reserves

	Consolidated	
	2024 $	2023 $
Share base payments reserve	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.

No new options, performance rights or shares were issued as share based payments during the year.

Movements in Share based payment reserve for the year:

	Number of options	Number of performance rights	LTI shares
Balance at 1 July 2023	2,644,861	2,400,000	800,00
Cancelled LTI shares			(800,000)
Expired options (30 Sept 2023)	(2,644,861)	-	-
Balance at 30 June 2024	-	**2,400,000**	-

	Consolidated	
	2024 $	2023 $
Balance at the beginning of the year	2,145,652	2,566,786
Share based payments	-	(125,225)
Share-based payments on performance rights and LTI shares	62,000	109,091
Conversion of long term incentive shares to director	-	(405,000)
	2,207,652	2,145,652

Note 22. Dividends

No dividends were paid during the financial year ended 30 June 2024 (2023: Nil). Franking credits available for subsequent periods based on a 25% tax rate is Nil (30 June 2023: Nil).

Note 23. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated group.

Risk management is carried out by senior finance executives ('finance') in consultation with the Board of Directors ('the Board'). Finance identifies and evaluates financial risks within the consolidated group's operating units. Finance reports to the Board monthly.

Market risk

Foreign currency risk

The consolidated group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. These transactions include customer sales agreements and supplier agreements.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

To protect against exchange rate movements, the consolidated group monitors its cash balances in foreign currencies. In addition, it utilises accumulated foreign currencies to purchase supplies to mitigate the exposure to currency changes.

	Consolidated	
	2024 $	2023 $
Assets - US Dollars	903,689	1,221,651
Assets - Euros	129,923	129,293
Assets - British Pound	615,136	1,147,740
Liabilities in US Dollars	(761,406)	(180,643)
Liabilities - Euros	(3,577)	(3,577)
Liabilities - British Pound	(1,452,801)	(1,387,045)
	(569,036)	927,419

The consolidated group had net financial liabilities denominated in foreign currencies of $569,036 as at 30 June 2024 (30 June 2023: net assets $927,419). Based on this exposure, had the Australian dollar weakened by 10% against these foreign currencies with all other variables held constant, the consolidated group's loss before tax for the year would have been $56,903 lower (30 June 2023: $92,804 lower), and equity would have been $56,903 lower (30 June 2023: $92,804 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

There are no loans or borrowings subject to interest rate risk as at 30 June 2024 or 30 June 2023.

Note 23. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated group. The consolidated group is exposed to customer credit for its WaaS licence customers in relation to the ongoing monthly payments after the initial Advance Payment has been consumed. Furthermore, K-TIG retains the full title of the products provided under a WaaS operating licence agreement. This exposure is managed carefully with close interaction with the customer. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The consolidated group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

2024	**1 year or less ($)**	**1 - 2 years ($)**	**2 - 5 years ($)**	**5 years + ($)**	**Remaining Contractual Maturities**
Non-interest bearing					
Trade payables	195,774	-	-	-	195,774
Other payables	62,678	-	-	-	62,678
Interest bearing					
Lease liabilities	118,288	118,288	328,585	-	565,161
Total	**376,740**	**118,288**	**328,585**	-	**823,613**
2023					
Non-interest bearing					
Trade payables	1,416,857				1,416,857
Other payables	247,875				247,875
Interest bearing					
Lease liabilities	111,135	118,288	355,558	91,315	676,296
Total	**1,775,866**	**118,288**	**355,558**	**91,315**	**2,341,027**

Interest rate for lease liability was 4.94%.

Fair value of financial instruments
Carrying amounts of financial instruments reflect their fair value.

Note 24. Key management personnel disclosures

	Consolidated	
	2024 $	**2023 $**
Short-term employee benefits	204,167	967,500
Post-employment benefits	22,458	74,171
Share-based payments	62,000	287,810
	288,625	1,329,481

Note 24. Key management personnel disclosures (continued)

Non-executive directors of the Company did not receive compensation for the financial year ended 30 June 2024. The employee benefits noted in the table above relate to the Managing Director. During voluntary administration the Company terminated the Managing director role.

Note 25. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by BDO, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2024	2023
	$	$
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	67,000	49,415
Non-Audit services - BDO Services Pty Ltd		
Subscription cost of accounting software	3,605	3,621

Note 26. Contingent assets and liabilities

No contingent assets are noted as at 30 June 2024 (30 June 2023: Nil).

No contingent liabilities were noted as at 30 June 2024 (2023: contingencies concerning deferred consideration shares were noted).

Deferred consideration
During the financial year ended 30 June 2020, K-TIG Limited completed the 100% acquisition of Keyhole TIG Limited. Part of the acquisition consideration includes up to 30,075,135 deferred consideration shares issued in three tranches. The conditions for the deferred consideration shares were not met and the terms expired on 1 January 2024.

Note 27. Commitments

There are no lessee commitments as at 30 June 2024 related to equipment operating lease commitments (30 June 2023: $0). The consolidated group has recognised the facility lease commitments as right-of-use assets at its primary place of business. Refer to note 13 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 30 June 2024 there were no lessor commitments.

	Consolidated	
	2024	2023
	$	$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	24,121

Note 28. Related party transactions

Parent entity
K-TIG Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Note 28. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2024	**2023**
	$	**$**
Other transactions:		
Ventnor Capital Pty Ltd provided company secretarial, accounting and corporate advisory services (director-related entity of Mr Carmichael)	2,798	86,996

In January 2024 the Company appointed an independent firm to provide company secretarial, accounting and corporate advisory services.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024	**2023**
	$	**$**
Current receivables:		
Directors fees payable[(1)]	-	226,513
Director Salary[(2)]	-	32,375
Directors cash bonus payable[(3)]	-	437,500

* [(1)] Director's fees accrued awaiting payment. These payments became non payable when the Company entered voluntary administration.
** [(2)] Director salary accrued awaiting payment. These payments became non payable when the Company entered voluntary administration.
*** [(3)] Expected director to achieve defined performance KPI's; the payment was due to be made at the anniversary date (01 November). This payment became non payable when the Company entered voluntary administration.

Loans to / from related parties
As part of the voluntary administration and DOCA (refer to note 5) proponents made a contribution of $1,000,000 which was structured by way of a convertible note with the issuance of 1,000 convertible debt notes with a face value of $1,000 each (refer to note 17 for key terms). Directors participated in this arrangement. Details as follows:

Holder	**Subscription**
Stuart Carmichael	25
Darryl Abotomey	25
Ant McIntosh	25
Adrian Smith	25

There were no other loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Note 29. Parent entity information (continued)

Commitments and Contingent liabilities
The parent entity had no commitments or contingent liabilities as at 30 June 2024 and 30 June 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

	Consolidated	
	2024	**2023**
	$	**$**
Balance Sheet		
Current assets	218,473	1,364,848
Total assets	**218,473**	**1,364,848**
Current liabilities	(2,281,498)	(4,976,490)
Total liabilities	**(2,281,498)**	(4,976,490)
Net assets / (liabilities)	**(2,063,025)**	**(3,611,641)**
Issued capital	43,686,730	43,686,730
Reserves	5,351,153	5,289,153
Accumulated loss	(51,100,908)	(52,587,525)
Total equity	**(2,063,025)**	**(3,611,641)**
Profit / (Loss) for the year	1,486,617	(3,003,367)

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	**2024**	**2023**
Name	**Country of incorporation**	**%**	**%**
Kabuni USA Inc.	United States	100.00%	100.00%
Stirling Minerals Pty Limited	Australia	100.00%	100.00%
Keyhole TIG Pty Limited	Australia	100.00%	100.00%
Keyhole TIG (USA) Inc.	United States	100.00%	100.00%
Keyhole TIG (UK) Pty Ltd v	United Kingdom	100.00%	100.00%

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax expense for the year	(1,154,326)	(6,431,750)
Adjustments for:		
Depreciation	258,293	285,467
Amortisation	6,495	11,058
Disposal of property, plant and equipment	(20,573)	-
Derecognition of financial assets and liabilities	(137,220)	-
Share-based payments	62,000	109,091
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,365,361	349,357
Increase in inventories	(197,801)	(532,120)
Increase income in advance	174,215	122,003
Increase/(decrease) in trade and other payables	(2,124,222)	1,414,138
Increase/(decrease) in employee benefits	(213,207)	50,047
Increase in other liabilities	-	137,220
Net cash used in operating activities	(1,980,985)	(4,485,489)

Note 33. Non-cash investing and financing activities

	Consolidated 2024 $	Consolidated 2023 $
Derecognition of financial assets and liabilities	(254,480)	-
Debt forgiven	1,714,489	-
Share based payments expense	62,000	109,091
	1,522,009	109,091

Note 34. Changes in liabilities arising from financing activities

Consolidated	Lease Liabilities $
Balance at 1 July 2022	437,320
Additions	308,439
Cash (used) in financing activities	(69,462)
Balance at 30 June 2023	676,297
Cash (used) in financing activities	(112,420)
Balance at 30 June 2024	563,877

Note 35. Earnings per share

	Consolidated 2024 $	Consolidated 2023 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of K-TIG Limited	(1,154,326)	(6,431,750)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	73,328,415	200,743,189
Weighted average number of ordinary shares used in calculating diluted earnings per share	73,328,415	200,743,189
	Cents	**Cents**
Basic earnings per share	(1.57)	(3.20)
Diluted earnings per share	(1.57)	(3.20)

The group has made a loss for the year end, so the potential ordinary shares being issued from exercise of options and performance rights has been excluded due to the anti-dilutive effect.

Note 36. Operating segments

Identification of reportable operating segments
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.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 37. Other financial assets

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Term deposits	5,000	40,000
Financial asset	-	700,000
	5,000	740,000

The financial asset balance was in relation to the convertible note. In the prior year the financial asset of $700,000 represented the value of the optionality that the consolidated group held through its shareholders to opt for the settlement option that maximise their economic benefit. This value was to be held at cost and considered for impairment indicators when it becomes probable that the shareholders will opt for a conversion option where the settlement option exceeded the carrying value of the convertible note components being the host liability at amortised cost, the embedded derivative at fair value and the financial asset at cost. When the Company entered voluntary administration the convertible notes became due and payable. The financial asset and liability were derecognised. Refer to note 17.

Note 38. Other reserves

	Consolidated 2024 $	Consolidated 2023 $
Foreign currency translation reserve	1,183,069	335,347
DOCA contribution reserve	465,000	-
	1,648,069	335,347

DOCA contribution reserve

On 21 February 2024 the Company entered voluntary administration. The Deed of Company Arrangement ("DOCA") was executed on 12 April 2024 and effectuated on 16 April 2024. Proponent's of the DOCA who were also existing shareholders of the Company paid a contribution of $465,000 to the Deed Administrator to supplement working capital. The contribution was recognised in reserves. Refer to note 5.

Note 39. Accumulated losses

	Consolidated 2024 $	Consolidated 2023 $
Accumulated losses at the beginning of the financial year	(31,555,212)	(25,123,462)
Loss after income tax expense for the year	(1,154,326)	(6,431,750)
Accumulated losses at the end of the financial year	(32,709,538)	(31,555,212)

K-TIG Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	**Entity type**	**Place formed / Country of incorporation**	**Ownership interest %**	**Tax residency**
K-Tig Limited	Body Corporate	Australia	100.00%	Australia*
Keyhole Tig (UK) Pty Limited	Body Corporate	United Kingdom	100.00%	Australia*
Keyhole TIG (USA) Inc.	Body Corporate	United States	100.00%	Australia*
Keyhole Tig Pty Limited	Body Corporate	Australia	100.00%	Australia*
Stirling Minerals Pty Limited	Body Corporate	Australia	100.00%	Australia*
Kabuni USA Inc.	Body Corporate	United States	100.00%	Australia*

*The Company and its wholly- owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Basis of Preparation

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

K-TIG Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 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; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Stuart Carmichael
Chairman

30 September 2024

Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of K-TIG Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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 opinion is not modified in respect of this matter.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
The revenue recognition accounting policy is described in Note 1 to the financial statements. As disclosed in note 3 to the financial statements, the group recorded sales revenues of $2,209,763. Revenue recognition was identified as a key audit matter due to: • The significance of revenue to the financial report • The complex nature and terms of revenue transactions and associated payment arrangements • The large size of individual revenue transactions, and • Sales being recorded by overseas Group entities.	Our audit procedures included but were not limited to: • Understanding and documenting the processes and controls used by the Group in recording revenue • Assessing the revenue recognition policy for compliance with AASB 15 Revenues • Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue ensuring the amounts recorded agreed to supporting evidence • Reviewing the terms and conditions of a sample of executed sales agreements and ensuring that the accounting treatment has been correctly applied • Checking, for a sample of revenue in advance amounts, whether the amount recognised in the current period was consistent with services supplied per the terms of the customer agreement • Testing revenue transactions either side of reporting date to ensure they were recorded in the correct period.

Deed of Company Arrangement

Key audit matter	How the matter was addressed in our audit
As disclosed in note 5 to the financial statements, during the year ended 30 June 2024, the parent company (K-TIG Limited) and a wholly owned subsidiary (Keyhole Tig Pty Ltd) entered voluntary administration, and subsequentially entered a Deed of Company Arrangement ('DOCA') which upon effectuation returned control to existing directors.	Our audit procedures included but were not limited to: • Understanding the terms and conditions of the DOCA and the impact they have on financial statement • Reconciling amounts recognised as debt forgiveness to supporting schedules and documentation • Reviewing terms and conditions of pre-existing convertible notes issued in March 2023 to consider the impact on the measurement and presentation of these financial liabilities as result of entering voluntary administration

Key audit matter	How the matter was addressed in our audit
The deed of company arrangement was identified as a key audit matter due to: • The significant nature of the event • The impact on the financial statements including debt forgiveness (note 6), derecognition of financial assets and liabilities (note 7), financial liabilities (note 17) and equity reserves (note 38). Some of these were technical and complex in nature.	• Reviewing DOCA and other supporting documentation to understand the terms and conditions of the financial liability issued as part of the DOCA to consider its recognition, measurement and presentation in the financial statements • Review of disclosure throughout the financial statements related to voluntary administration and the DOCA • Reconciliation of the surplus funds received through the DOCA process and ensuring correct presentation as an equity reserve

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of K-TIG Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit Pty Ltd

JDCarver

Josh Carver
Director

Adelaide, 30 September 2024

K-TIG Limited
Shareholder information
30 June 2024

The shareholder information is not shown elsewhere in this report is as follows. The information is current at 30 September 2024.

Ordinary Fully Paid Shares

Distribution of share holders

Shareholders	Number of Holders	Number of Shares
1 - 1,000	565	299,089
1,001 - 5,000	836	2,220,883
5,001 - 10,000	366	2,743,194
10,001 - 100,000	571	17,825,217
100,001 - and over	97	50,240,032
	2,435	**73,328,415**

There were 254 holders holding a total of 62,921 ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders
The names of the twenty largest holders of quoted shares are listed below:

Position	**Holder Name**	**Number of Shares**	%
1	ADVANCED SCIENCE & INNOVATION COMPANY (ASIC) LLC	7,886,828	10.76%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,174,135	9.78%
3	MR NEIL GARRY LE QUESNE <STIRLING GROUP A/C>	4,784,963	6.53%
4	BUTTONWOOD NOMINEES PTY LTD	2,323,572	3.17%
5	MR RICHARD SMITH	2,060,000	2.81%
6	CITICORP NOMINEES PTY LIMITED	2,051,558	2.80%
7	SYED BASAR SHUEB	1,011,262	1.38%
8	SYDAC NOMINEES PTY LTD <THE ADRIAN SMITH FAMILY A/C>	1,000,000	1.36%
9	MRS KAREN CHRISTINE JARVIS	965,123	1.32%
10	SRG PARTNERS PTY LTD	948,000	1.29%
11	GREAT PLAINS HOLDING COMPANY PTY LTD <GREAT PLAINS INVESTMENT A/C>	849,320	1.16%
12	MRS LYNETTE ANNE SHARMAN & MR MICHAEL DAVID SHARMAN <M & L SHARMAN FAMILY A/C>	763,446	1.04%
13	SWHL INVESTMENTS PTY LTD <SWHL FAMILY A/C>	710,334	0.97%
14	GRAYSON NOMINEES PTY LTD <GRAYSON INVESTMENT A/C>	600,000	0.82%
15	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	538,967	0.74%
16	WIGTOWN PTY LIMITED	500,000	0.68%
17	BBR HOLDINGS PTY LTD <BRAWLIN INVESTMENT A/C>	477,134	0.65%
18	JAGEN PTY LTD	460,000	0.63%
19	GARDEN ENTERPRISES PTY LTD <THE SPECIALTY METALS SU A/C>	451,947	0.62%
20	WIGTOWN PTY LTD	400,000	0.55%
		35,956,589	49.04%

K-TIG Limited
Shareholder information
30 June 2024

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
ADVANCED SCIENCE & INNOVATION COMPANY (ASIC) LLC	7,886,828	10.76%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,174,135	9.78%
MR NEIL GARRY LE QUESNE STIRLING GROUP A/C	4,784,963	6.53%
	19,845,926	**27.06%**

Performance Rights

Substantial Performance Rights Holders – Class A

Name of KMP	Name of Registered Holder	Number of Performance Rights	%
STUART CARMICHAEL	SBV CAPITAL PTY LTD	200,000	25.00%
ANTHONY MCINTOSH	MUTUAL TRUST PTY LTD	200,000	25.00%

Distribution of Performance Right Holders - Class A	Number of holders	Number of Performance Rights
100,001 - and over	4	800,000

Substantial Performance Rights Holders – Class B

Name of KMP	Name of Registered Holder	Number of Performance Rights	%
STUART CARMICHAEL	SBV CAPITAL PTY LTD	200,000	25.00%
ANTHONY MCINTOSH	MUTUAL TRUST PTY LTD	200,000	25.00%

Distribution of Performance Right Holders - Class B	Number of holders	Number of Performance Rights
100,001 - and over	4	800,000

Substantial Performance Rights Holders – Class C

Name of KMP	Name of Registered Holder	Number of Performance Rights	%
STUART CARMICHAEL	SBV CAPITAL PTY LTD	200,000	25.00%
ANTHONY MCINTOSH	MUTUAL TRUST PTY LTD	200,000	25.00%

Distribution of Performance Right Holders - Class C	Number of holders	Number of Performance Rights
100,001 - and over	4	800,000

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

Corporate Governance

The Company's corporate governance statement is found on the Company's website at:
https://www.k-tig.com/investors#governance