

K-TIG Limited and Its Controlled Entities
Appendix 4E

1. Company details

Name of entity:	K-TIG Limited
ABN:	28 158 307 549
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	68.8% to	333,336
Loss from ordinary activities after tax attributable to the owners of K-TIG Limited	up	396.0% to	(8,382,699)
Loss for the year attributable to the owners of K-TIG Limited	up	396.0% to	(8,382,699)

Dividends

No dividend has been declared or paid for the year ended 30 June 2020 (30 June 2019: \$nil).

Brief explanation of any of the figures reported above

The Group recorded \$333,336 of revenue for the current year (2019: \$1,069,198). The loss from ordinary activities for the Group after providing for income tax amounted to \$8,382,699 (30 June 2019: \$1,690,187). Loss from ordinary activities increased mainly due to the acquisition costs of acquiring Keyhole TIG Limited.

During the financial year, K-TIG Limited ("KTG") completed the 100% acquisition of Keyhole TIG Limited ("Keyhole") and its 100% owned subsidiary Vesseltech Pty Ltd. The acquisition of Keyhole resulted in the shareholders of Keyhole obtaining control of the merged entity. In accordance with Australian Accounting Standard, the acquisition is to be accounted for as a reverse acquisition whereby Keyhole is deemed to be the accounting parent in this transaction, and K-TIG is deemed to be the accounting subsidiary. Accordingly, the consolidated financial statements of K-TIG have been prepared as a continuation of the business and operations of Keyhole. The comparative information for the year ended 30 June 2020 presented in this Appendix 4E and the attached financial statements is that of Keyhole.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets / (liabilities) per ordinary security	2.50	(0.51)

The right-of-use assets is classified as an intangible asset for the purpose of determining the net tangible asset.

K-TIG Limited and Its Controlled Entities
Appendix 4E

4. Control gained over entities

<i>Name of entities (or group of entities)</i>	<i>Date control gained</i>
Keyhole TIG Limited	30 September 2019
Vesseltech Pty Ltd	30 September 2019

During the financial year, K-TIG Limited ("KTG"), the legal parent, completed the 100% acquisition of Keyhole TIG Limited ("Keyhole") and its 100% owned subsidiary Vesseltech Pty Ltd. The acquisition of Keyhole resulted in the shareholders of Keyhole obtaining control of the merged entity. In accordance with Australian Accounting Standard, the acquisition is to be accounted for as a reverse acquisition whereby Keyhole is deemed to be the accounting parent (legal subsidiary) in this transaction, and K-TIG is deemed to be the accounting subsidiary (legal parent).

\$

Contribution of such entities to the reporting entity's loss from ordinary activities before income tax during for the period 1 July 2019 to 30 June 2020 as the accounting parent	(2,865,568)
Loss from ordinary activities before income tax of the controlled entity for the whole of the previous period	(1,690,187)

5. Loss of control over entities

There have been no entities over which control has been lost during the period or previous reporting period.

6. Details of associates and joint venture entities

There are no associates or joint ventures during the period or previous reporting period.

7. Audit qualification or review

The financial statements are in the process of being audited.

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

Material uncertainty related to going concern

The auditors would like draw attention to Note 1 in the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated 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. The audit opinion will not be modified in respect of this matter.

8. Attachments

Details of attachments (if any):

The consolidated preliminary report of K-TIG Limited for the year ended 30 June 2020 is attached.

Signature:



Deborah Ho
Company Secretary

31 August 2020

K-TIG Limited and Its Controlled Entities

ABN 28 158 307 549

Consolidated Preliminary Report - 30 June 2020

K-TIG Limited and Its Controlled Entities
Corporate Directory
For the year ended 30 June 2020

Directorships as at the date of this report	Stuart Carmichael, Chairman Adrian Smith, Executive Director Mark Twycross, Non-executive Director Syed Basar Shueb, Non-executive Director Anthony McIntosh, Non-executive Director
Company secretaries	Brett Tucker Deborah Ho
Registered office	Ground Floor 16 Ord Street West Perth WA 6005
Principal place of business	Building 5 9 William Street Mile End SA 5031 Phone: (08) 7324 6800
Share registry	Automic Group Level 2, 267 St Georges Terrace Perth WA 6000
Auditor	BDO Audit (SA) Pty Ltd BDO Centre Level 7, 420 King William Street Adelaide SA 5000
Solicitors	HWL Ebsworth Lawyers Level 20, 240 St Georges Terrace Perth WA 6000
Principal Bankers	Westpac Banking Corporation 275 Kent Street Sydney NSW 2000
Stock exchange listing	K-TIG Limited shares are listed on the Australian Securities Exchange (ASX code: KTG)
Website	www.k-tig.com

K-TIG Limited and Its Controlled Entities
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K-TIG Limited and Its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Revenue	4	333,366	1,069,198
Cost of sales		<u>(335,073)</u>	<u>(480,752)</u>
Gross profit/(loss)		(1,707)	588,446
Other income	5	147,933	42,237
Expenses			
Marketing expenses		(180,669)	(151,489)
Corporate expense		(689,618)	(403,778)
Service expense		(154,598)	(50,957)
Employee benefits expense		(2,199,727)	(1,358,232)
Office / workshop expense		(195,535)	(141,558)
Travel expense		(158,950)	(117,826)
R&D expense		(59,314)	(76,492)
Reverse acquisition cost	6	(1,853,772)	-
Excess consideration arising on reverse acquisition	3	(3,000,777)	-
Other expenses		(35,965)	(20,538)
		<u> </u>	<u> </u>
Loss before income tax expense		(8,382,699)	(1,690,187)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the year		(8,382,699)	(1,690,187)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(8,382,699)</u>	<u>(1,690,187)</u>
		Cents	Cents
Loss per share to the owners of K-TIG Limited			
Basic loss per share	14	(6.95)	(3.68)
Diluted loss per share	14	(6.95)	(3.68)

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

K-TIG Limited and Its Controlled Entities
Consolidated statement of financial position
As at 30 June 2020

	Notes	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		3,493,579	943,820
Trade and other receivables		111,670	72,695
Inventories		368,008	373,117
Total current assets		<u>3,973,257</u>	<u>1,389,632</u>
Non-current assets			
Property, plant and equipment	7	479,242	129,050
Right-of-use assets	8	168,228	-
Intangibles		52,989	64,045
Total non-current assets		<u>700,459</u>	<u>193,095</u>
		<u>4,673,716</u>	<u>1,582,727</u>
Liabilities			
Current liabilities			
Trade and other payables		420,235	202,407
Amounts received in advance	9	114,862	7,300
Borrowings		-	1,610,780
Lease liabilities	10	87,888	-
Employee benefits		126,665	106,231
Total current liabilities		<u>749,650</u>	<u>1,926,718</u>
Non-current liabilities			
Lease liabilities	10	85,209	-
Employee benefits		6,242	84,716
Total non-current liabilities		<u>91,451</u>	<u>84,716</u>
Total liabilities		<u>841,001</u>	<u>2,011,434</u>
Net assets		<u>3,832,615</u>	<u>(428,707)</u>
Equity			
Issued capital	11	17,703,775	5,327,819
Share based payment reserve	12	871,990	603,925
Accumulated losses		(14,743,150)	(6,360,451)
Total equity		<u>3,832,615</u>	<u>(428,707)</u>

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

K-TIG Limited and Its Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital \$	Non- Redeemable Series A Preference Shares \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	2,348,884	2,978,935	347,321	(4,670,264)	1,004,876
Loss for the year	-	-	-	(1,690,187)	(1,690,187)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,690,187)	(1,690,187)
<i>Transactions with owners in their capacity as owners:</i>					
Share based payments	-	-	256,604	-	256,604
Balance at 30 June 2019	2,348,884	2,978,935	603,925	(6,360,451)	(428,707)
Balance at 1 July 2019	2,348,884	2,978,935	603,925	(6,360,451)	(428,707)
Loss for the year	-	-	-	(8,382,699)	(8,382,699)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(8,382,699)	(8,382,699)
<i>Transactions with owners in their capacity as owners:</i>					
Exercise of share options	603,925	-	(603,925)	-	-
Conversion to preference Shares on reverse acquisition	2,978,935	(2,978,935)	-	-	-
Issue of shares, net of transaction costs	6,528,788	-	-	-	6,528,788
Issue of shares to advisor	1,095,000	-	-	-	1,095,000
Conversion of borrowings to equity	1,610,780	-	-	-	1,610,780
Issue of options	-	-	871,990	-	871,990
Options exercised	3,792	-	-	-	3,792
Reverse acquisition deemed consideration	2,533,671	-	-	-	2,533,671
Balance at 30 June 2020	17,703,775	-	871,990	(14,743,150)	3,832,615

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

K-TIG Limited and Its Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2020

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		442,201	1,133,987
Payments to suppliers and employees (inclusive of GST)		(4,317,879)	(2,415,538)
		(3,875,678)	(1,281,551)
Interest received		3,638	2,166
Other income		93,080	59,502
Interest and other finance costs paid		(8,173)	(3,570)
Net cash used in operating activities		(3,787,133)	(1,223,453)
Cash flows from investing activities			
Payments for intangibles		-	(1,744)
Payments for property, plant and equipment		(143,192)	(2,519)
Cash acquired on acquisition		30,670	-
Net cash used in investing activities		(112,522)	(4,263)
Cash flows from financing activities			
Proceeds from issue of shares		6,532,315	-
Proceeds from borrowings		-	1,244,607
Repayment of lease liabilities		(82,901)	-
Net cash from financing activities		6,449,414	1,244,607
Net increase in cash and cash equivalents		2,549,759	16,891
Cash and cash equivalents at the beginning of the financial year		943,820	926,929
Cash and cash equivalents at the end of the financial year		<u>3,493,579</u>	<u>943,820</u>

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

K-TIG Limited and Its Controlled Entities
Notes to the consolidated financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies

New or amended Accounting Standards and Interpretations adopted

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

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

The principal accounting policies adopted in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis.

The consolidated group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17.

Subsequent to initial recognition:

- (a) Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - i. Investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
 - ii. Property, plant or equipment, applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

The consolidated group recognises right-of-use assets totalling \$255,998 representing its right to use the underlying asset and lease liabilities representing its obligations to make lease payments with exemptions for short-term leases and leases of low-value items. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

In calculating the present value of lease payments, the consolidated group uses the incremental borrowing rate of 3.72%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	\$
Total operating lease commitments disclosed at 30 June 2019	90,052
Recognition exemptions	
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	-
Variable lease payments not recognised	-
Operating lease liabilities before discounting	90,052
Reasonably certain extension options	180,599
Discounted using incremental borrowing rate	(14,653)
Total lease liabilities recognised under AASB 16 at 1 July 2019	255,998

The company exercised its right to extend the lease for the final two-year period of the agreement with the lease expiry date being 5 June 2022.

Basis of preparation

These 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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

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 group'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.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated group incurred a loss for the year ended 30 June 2020 of \$8,382,699 (2019: \$1,690,187) and net cash outflows from operating activities of \$3,787,133 (2019: \$1,223,453).

On 11 March 2020, the World Health Organisation (WHO) classified COVID-19 as a pandemic which has created restrictions in international travel. These restrictions have created challenges for the business operating environment. The timing and extent of the impact and recovery from COVID-19 is unknown and it may have an impact on the consolidated group's activities, including the ability to commission equipment and train customer personnel on site, and potentially impact the consolidated group's ability to raise capital in an uncertain market.

In the context of this operating environment, the ability of the consolidated group to continue as a going concern is dependent on meeting the sales targets and on securing additional funding to fund its expansion and research and development activities.

These conditions indicate material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

The Directors believe that there will be sufficient funds available to continue to meet the consolidated group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the consolidated group for the following reasons:

- The Directors of K-TIG Limited have assessed the likely cash flow for the 12 month period from the date of signing the financial report and its impact on the consolidated group and believe that there will be sufficient funds to meet the consolidated group's working capital requirements as at the date of this report.
- The consolidated group has the ability to reduce its expenditure to conserve cash.
- The consolidated group is continuing to explore alternative options in an effort to mitigate the possible impacts of COVID-19

Should the consolidated group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity raising and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated group not continue as a going concern and meet its debts as and when they become due and payable. The Directors plan to continue the consolidated group's operations on the basis as outlined above and believe there will be sufficient funds for the consolidated group to meet its obligations and liabilities for at least twelve months from the date of this report.

Reverse Acquisition

On 30 September 2019, K-TIG Limited (previously known as Serpentine Technologies Limited) ('KTG') completed the 100% acquisition of Keyhole TIG Limited ('Keyhole'). The acquisition of Keyhole resulted in the shareholders of Keyhole obtaining control of the merged entity. Under Australian Accounting Standard ('AASB') 3 'Business Combinations', the acquisition is to be accounted for as a reverse acquisition whereby Keyhole is deemed to be the accounting acquirer in this transaction, and KTG is deemed to be the accounting acquiree. The acquisition has been accounted for as a share-based payment using the principles set out in AASB 2 'Share-Based Payments', by which Keyhole is deemed to have issued shares in exchange for the net assets and listing status of KTG. The difference between the fair value of the deemed consideration paid by Keyhole and the fair value of the identifiable assets of KTG, is required to be recognised as an expense.

Accordingly, the consolidated financial statements of KTG have been prepared as a continuation of the business and operations of Keyhole, with the exception of the capital structure. Keyhole has accounted for the acquisition of KTG from the 30 September 2019. The comparative information for the year ended 30 June 2020 presented in the consolidated financial statements is that of Keyhole. The implications of the acquisition by Keyhole on the financial statements are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

- The statement of profit or loss and other comprehensive income comprises the total comprehensive income for the year ended 30 June 2020 for Keyhole as the accounting parent and KTG from 30 September 2019 as the accounting subsidiary.
- The statement of profit or loss and other comprehensive income for the year ended 30 June 2019 comprises of Keyhole balances only.

Consolidated Statement of Financial Position

- The statement of financial position as at 30 June 2020 represents the K-TIG Limited consolidated group.
- The statement of financial position comparative represents Keyhole as at 30 June 2019.

Consolidated Statement of Changes in Equity

- The equity balance of Keyhole as at the beginning of the year (1 July 2019).
- The total comprehensive income for the year and transactions with equity holders, being 12 months from Keyhole as the accounting parent and KTG from 30 September 2019 as the accounting subsidiary.
- The equity balance of the K-TIG Limited consolidated group as at 30 June 2020.
- The Statement of Changes in Equity comparatives are for Keyhole for the year ended 30 June 2019.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

Consolidated Statement of Cash Flows

- The cash balance of Keyhole at the beginning of the year (1 July 2019).
- The cash balance as at 30 June 2020 reflects the K-TIG Limited consolidated group.
- The transactions for the year ended 30 June 2019 are from Keyhole and the year ended 30 June 2020 for Keyhole as the accounting parent and KTG from 30 September 2019 as the accounting subsidiary.

Equity Structure

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the equity structure of KTG.

Earnings per Share

The weighted average number of shares outstanding for the year ended 30 June 2020 is based on the combined weighted average number of shares of the K-TIG Limited consolidated group outstanding in the year.

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 2020 and the results of Keyhole for the year then ended as the accounting parent and KTG from 30 September 2019 as the accounting subsidiary. K-TIG Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group 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 group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group 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 group.

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 group 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 group 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.

Revenue recognition

The consolidated group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

WaaS

Welding as a Service (WaaS) revenue is recognised at an amount which reflects the greater of the monthly minimum 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, this being when there is reasonable assurance the consolidated group has complied with the conditions attached to the grant.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

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, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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 group 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 group 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.

Leases

As a lessee

For any new contracts entered on or after 1 July 2019, the consolidated group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meet three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the consolidated group;
- The consolidated group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The consolidated group has the right to direct the use of the identified asset throughout the period of use. The consolidated group assesses whether it has the right to direct 'how and for what purposes' the asset is used throughout the period of use.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

As a lessor

The consolidated group's accounting policy under AASB 16 has not changed from the comparative period. As a lessor, the consolidated group classified its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

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 group'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.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of K-TIG Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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.

Share-based payment transactions

The consolidated group 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated group 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

K-TIG Limited and Its Controlled Entities
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and 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; existence of significant leasehold improvements; and the costs and disruption to replace 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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Acquisition of Keyhole TIG Limited

On 30 September 2019, K-TIG Limited (previously known as Serpentine Technologies Limited) ('KTG') completed the 100% acquisition of Keyhole TIG Limited ('Keyhole'). The acquisition of Keyhole resulted in the shareholders of Keyhole obtaining control of the merged entity. Under Australian Accounting Standard ('AASB') 3 'Business Combinations', the acquisition is to be accounted for as a reverse acquisition whereby Keyhole is deemed to be the accounting acquirer in the transaction, and KTG is deemed to be the accounting acquiree. The acquisition has been accounted for as a share-based payment using the principles set out in AASB 2 'Share-Based Payments', by which Keyhole is deemed to have issued shares in exchange for the net assets and listing status of KTG. The difference between the fair value of the deemed consideration paid by Keyhole and the fair value of the identifiable assets of KTG, is required to be recognised as an expense.

Acquisition Consideration

As consideration for the acquisition of 100% of the issued Keyhole securities, KTG issued 80,200,501 consideration shares and up to 30,075,135 deferred consideration shares. Refer to Note 10 for terms of consideration shares.

Deemed Purchase Consideration

The deemed acquisition costs for obtaining control over KTG calculated at fair value in accordance to AASB 13 'Fair Value Measurement' hierarchy. The agreed acquisition price per share of KTG is more reliable. The deemed acquisition cost is therefore \$2,533,671 (26,608,857 of KTG shares at \$0.0952 per share).

	Fair Value 30 Sep 2019 \$
Fair value of securities transferred	2,533,671
Fair value of net identifiable assets held at acquisition date	
- Cash and cash equivalents	30,670
- Trade and other receivables	61,981
- Trade and other payables	(582,459)
- Pre-paid share issue costs	22,702
Total fair value of identifiable net liabilities	<u>(467,106)</u>
Excess consideration arising on reverse acquisition	3,000,777

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 4. Revenue

	Consolidated	
	2020	2019
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	283,580	950,307
Rendering of services	31,202	97,090
Other trading revenue	1,942	21,801
	<u>316,724</u>	<u>1,069,198</u>
<i>Revenue from WaaS lessor arrangements</i>		
Recurring fees	16,642	-
	<u>16,642</u>	<u>-</u>
Revenue	<u>333,366</u>	<u>1,069,198</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Revenue from contracts with customers	Total
	\$	\$
Consolidated - 2020		
<i>Geographical regions</i>		
Australia	175,062	175,062
United Kingdom	65,399	65,399
United States	67,125	67,125
Rest of the World	9,138	9,138
	<u>316,724</u>	<u>316,724</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	285,522	285,522
Services transferred at a point in time	31,202	31,202
	<u>316,724</u>	<u>316,724</u>

Consolidated - 2019

<i>Geographical regions</i>		
Australia	910	910
United Kingdom	101,317	101,317
United States	888,086	888,086
Rest of the World	78,885	78,885
	<u>1,069,198</u>	<u>1,069,198</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	972,108	972,108
Services transferred at a point in time	97,090	97,090
	<u>1,069,198</u>	<u>1,069,198</u>

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 5. Other income

	Consolidated	
	2020	2019
	\$	\$
Interest received	3,638	2,166
Government grants	143,080	40,071
Other income	1,215	-
	<u>147,933</u>	<u>42,237</u>

As part of its response to COVID-19, the Australian Government, in March 2020, announced various stimulus measures to ease the burden experienced by businesses as a result of the economic fallout from the coronavirus lockdown and social distancing measures. The 'Boosting Cash Flow for Employers' provides a tax-free 'payment' to eligible SMEs with aggregated annual turnover of less than \$50 million if they employ people between 1 January 2020 and 30 June 2020.

As both the 'initial cash flow boost' and 'additional cash flow boost' are effectively a waiver of the whole, or part, of the PAYG liability, the amount of the 'payment' is recognised as a reduction in the PAYG liability and grant income under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* because these cash flow boosts are being provided by the Government in return for compliance with conditions relating to the operating activities of the entity. That is, the receipt of the cash flow boosts is conditional upon the employer incurring salary expense, and therefore a withholding tax liability for PAYG.

Note 6. Reverse acquisition costs

	Consolidated	
	2020	2019
	\$	\$
Shares issued to advisor	1,095,000	-
Options issued to advisor	538,087	-
Legal expenses	180,380	-
Other expenses	40,305	-
	<u>1,853,772</u>	<u>-</u>

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 7. Property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Leasehold improvements - at cost	178,620	89,695
Less: Accumulated depreciation	(84,194)	(50,826)
	<u>94,426</u>	<u>38,869</u>
Plant and equipment - at cost	253,669	213,891
Less: Accumulated depreciation	(144,939)	(127,052)
	<u>108,730</u>	<u>86,839</u>
Computer equipment - at cost	37,535	23,046
Less: Accumulated depreciation	(27,810)	(19,704)
	<u>9,725</u>	<u>3,342</u>
WaaS assets – at cost	269,762	-
Less: Accumulated depreciation	(3,401)	-
	<u>266,361</u>	<u>-</u>
	<u><u>479,242</u></u>	<u><u>129,050</u></u>

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 2018	51,826	106,708	1,959	-	160,493
Additions	-	-	2,519	-	2,519
Depreciation expense	(12,957)	(19,869)	(1,136)	-	(33,962)
Balance at 30 June 2019	38,869	86,839	3,342	-	129,050
Additions	88,925	39,778	14,489	-	143,192
Transfers from inventory	-	-	-	269,762	269,762
Depreciation expense	(33,368)	(17,887)	(8,106)	(3,401)	(62,762)
Balance at 30 June 2020	<u><u>94,426</u></u>	<u><u>108,730</u></u>	<u><u>9,725</u></u>	<u><u>266,361</u></u>	<u><u>479,242</u></u>

Note 8. Right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Land and buildings - right-of-use asset	255,998	-
Less: Accumulated depreciation	(87,770)	-
	<u><u>168,228</u></u>	<u><u>-</u></u>

K-TIG Limited and Its Controlled Entities
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Note 8. Right-of-use assets (continued)

Adoption of AASB 16 '*Leases*' resulted in right-of-use assets of \$255,988 recognised during the year. This was a non-cash transaction. The consolidated group leases land and buildings for its office and warehouse under an agreement. Effective 6 June 2020, the final extension on the current lease was exercised for a further two years with the lease expiring on 5 June 2022. The consolidated group leases office and warehouse equipment under agreements that are either short-term or low value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 9. Amounts received in advance

	Consolidated	
	2020	2019
	\$	\$
Sales and service	15,800	7,300
WaaS advance payment	98,982	-
	<u>114,782</u>	<u>7,300</u>

Reconciliation

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

Opening balance	7,300	83,567
Sales and service	15,800	7,300
WaaS advance payment	98,982	-
Transfer to revenue - included in the opening balance	(7,300)	(83,567)
Closing balance	<u>114,782</u>	<u>7,300</u>

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 \$15,800 as at 30 June 2020 (\$7,300 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020	2019
	\$	\$
Within 6 months	15,800	7,300
6 to 12 months	-	-
12 to 18 months	-	-
18 to 24 months	-	-
	<u>15,800</u>	<u>7,300</u>

WaaS advance payment

The aggregate amount of WaaS amounts received as a prepayment at the end of the reporting period was \$98,982 as at 30 June 2020 (\$7,300 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020	2019
	\$	\$
Within 6 months	78,490	-
6 to 12 months	20,492	-
12 to 18 months	-	-
18 to 24 months	-	-
	<u>98,982</u>	<u>-</u>

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 10. Lease liabilities

	Consolidated	
	2020	2019
	\$	\$
Current	87,888	-
Non-Current	85,209	-
Lease liability	<u>173,097</u>	<u>-</u>

Note 11. Issued capital

	2020	2019	Consolidated	2019
	Shares	Shares	2020	2019
			\$	\$
Ordinary shares - fully paid	144,609,833	96,395,839	17,703,775	2,348,884
Series A preference shares	-	41,322,314	-	2,978,935
	<u>144,609,833</u>	<u>137,718,153</u>	<u>17,703,775</u>	<u>5,327,819</u>

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.

Series A Preference Shares

The holders of Series A preference shares were entitled to vote at all meetings of the company. Each Series A preference share entitled the holder upon a poll to that number of votes equal to the number of ordinary shares into which the Series A preference shares would be converted if the conversion occurred at the time of that vote. Series A Preference Shares were converted to ordinary shares during the financial year.

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 statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order 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.

K-TIG Limited and Its Controlled Entities
Notes to the financial statements
For the year ended 30 June 2020

Note 11. Issued capital (continued)

Movements in ordinary shares for the financial year

Date	Details	Number of Shares	\$
1 Jul 2019	Opening balance	96,395,839	2,348,884
1 Jul 2019	Issue of Keyhole shares to repay related party loans	5,677,946	359,740
30 Sep 2019	Conversion of share options	25,058,608	603,925
30 Sep 2019	Conversion of preference shares	41,322,314	2,978,935
30 Sep 2019	Elimination of Keyhole shares	(168,454,707)	-
30 Sep 2019	KTG shares on acquisition	722,096,113	-
30 Sep 2019	KTG shares on acquisition	(709,428,270)	-
30 Sep 2019	Issue of KTG shares on acquisition of Keyhole	80,200,501	-
30 Sep 2019	Deemed consideration on acquisition of Keyhole	-	2,533,671
30 Sep 2019	Issue of shares under public offer	35,000,000	7,000,000
30 Sep 2019	Conversion of convertible note	11,250,000	1,251,040
30 Sep 2019	Issue of shares to advisor	5,475,000	1,095,000
30 Sep 2019	Share issue costs	-	(471,212)
13 Nov 2019	Exercise of options	16,489	3,792
30 Jun 2020	Closing balance	<u>144,609,833</u>	<u>17,703,775</u>

As at 30 June 2020, up to 30,075,135 deferred consideration shares to be issued in 3 tranches based on the cumulative revenue over 48 months from 1 January 2020.

- Tranche 1: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$30,000,000 of cumulative revenue within 36 months from 1 January 2020;
- Tranche 2: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$60,000,000 of cumulative revenue within 48 months from 1 January 2020; and
- Tranche 3: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$15,000,000 of cumulative EBITDA within 48 months from 1 January 2020.

Movements in series A preference shares for the financial year

Date	Details	Number of Shares	\$
1 Jul 2019	Opening balance	41,322,314	2,978,935
30 Sep 2019	Conversion of preference shares	<u>(41,322,314)</u>	<u>(2,978,935)</u>
30 Jun 2020	Closing balance	<u>-</u>	<u>-</u>

K-TIG Limited and Its Controlled Entities
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Note 12. Reserves

	2020	2019
	\$	\$
Share based payment reserve	<u>871,990</u>	<u>603,925</u>

The reserve is used to recognise share based payment transactions. Amounts will be transferred into share capital upon share options being exercised.

Movements in share based payment reserve for the year

Date	Details	Number of Options	\$
1 Jul 2019	Opening balance	25,058,608	603,925
30 Sep 2019	Conversion of share options	(25,058,608)	(603,925)
30 Sep 2019	KTG shares on acquisition	2,119,233	-
30 Sep 2019	Expiry of options	(1,316)	-
30 Sep 2019	Issue of options	5,472,152	679,360
13 Nov 2019	Exercise of options	(16,489)	-
21 Feb 2020	Issue of options	960,000	164,467
26 Jun 2020	Issue of options	<u>180,000</u>	<u>28,163</u>
30 Jun 2020	Closing balance	<u>8,713,580</u>	<u>871,990</u>

On 30 September 2019, a total of 5,472,152 unlisted options exercisable at \$0.30 each with an expiry date of 30 September 2023, and a subscription price of \$0.0001 each, were issued as advisor and director options. 4,331,801 options related to were issued under the Lead Manager Mandate for advisory services, totalling \$538,087. The related expense is recognised as reverse acquisition costs. 1,140,351 options were issued to Directors for a total consideration of \$141,273. The related expense is recognised as share-based payment in the consolidated statement of profit and loss and other comprehensive income.

On 21 February 2020, 960,000 unlisted options exercisable at \$0.30 each with an expiry date of 30 September 2023 were issued to directors and other key management personnel. The related expense is recognised as share-based payment in the consolidated statement of profit and loss and other comprehensive income.

On 26 June 2020, 180,000 unlisted options exercisable at \$0.30 each with an expiry date of 30 September 2023 were issued to Directors. The related expense is recognised as share-based payment in the consolidated statement of profit and loss and other comprehensive income.

The fair value of the options issued was calculated using the Black-Scholes, with valuation model inputs as follows. Volatility of the options issued on 30 September 2019, volatility used was 100% as best estimate as using historical movements was not appropriate due to the reverse acquisition (Note 3). For options issued after 30 September 2019, volatility was calculated based on historical movements from acquisition date (30 September 2019).

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/09/2019	30/09/2023	\$0.20	\$0.30	100%	0%	0.78%	\$0.124
21/02/2020	30/09/2023	\$0.185	\$0.30	199%	0%	0.64%	\$0.171
26/06/2020	30/09/2023	\$0.180	\$0.30	181%	0%	0.26%	\$0.156

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Note 13. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Kabuni USA, Inc.	USA	100.00%	100.00%
Stirling Minerals Pty Limited	Australia	100.00%	100.00%
Keyhole TIG Limited*	Australia	100.00%	-
Vessel Tech Pty Ltd**	Australia	100.00%	-

*Keyhole TIG Limited was acquired on 30 September 2019. In June 2020 it was changed to a proprietary limited company (Keyhole TIG Pty Ltd).

**Vessel Tech Pty Ltd was acquired on 30 September 2019.

Note 14. Loss per share

	Consolidated	
	2020 \$	2019 \$
<i>Loss per share for profit</i>		
Loss after income tax	(8,382,699)	(1,690,187)
Loss after income tax attributable to the owners of K-TIG Limited	(8,382,699)	(1,690,187)
Loss after income tax attributable to the owners of K-TIG Limited used in calculating diluted loss per share	<u>(8,382,699)</u>	<u>(1,690,187)</u>
	Cents	Cents
Basic loss per share	(6.95)	(3.68)
Diluted loss per share	(6.95)	(3.68)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic loss per share	120,670,363	45,893,610

Retrospectively adjustments were made to the weighted average number of ordinary shares due to the share consolidation (57:1) and reverse acquisition that occurred in September 2019. These capital events are effectively a re-denomination of shares, that changes the number of the Company's ordinary shares outstanding without a corresponding change in the Company's resources.

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Note 15. 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 2020, all operating lease payments to be received are payable in US dollars or Euros and for the purposes of the maturity analysis have been translated at the spot rate at reporting date. Maturity analysis of undiscounted operating lease payments to be received is set out below.

	Consolidated	
	2020	2019
	\$	\$
Within 1 year	214,020	-
1 – 5 years	820,675	-
After 5 years	97,500	-
	<u>1,132,195</u>	<u>-</u>