

**Takor Group Limited and Controlled Entities**  
**ABN 69 136 358 337**

**Consolidated annual financial report – 30 June 2019**

**Annual Report - 30 June 2019**

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**General information**

The consolidated financial statements cover Takor Group Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the group. The financial statements are presented in Australian dollars, which is Takor Group Limited's functional and presentation currency. Takor Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Suite 3  
128 Main Street  
Osborne Park, WA, 6017

**Principal place of business**

Unit 28  
12 Cowcher Place  
Belmont WA 6104

The principal activity of the company is development and sales of worldwide geospatial technology applications.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 March 2021. The directors have the power to amend and reissue the financial statements.

**Takor Group Limited**  
**Directors' report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Takor Group 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 2019.

**Directors**

The following persons were directors of Takor Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Amir Farhand  
Guy Perkins  
Philip Carulli  
David Singleton (appointed 29 January 2021)

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Provision of geospatial imagery
- Collecting geospatial data from contributors
- Building a digital atlas for all the worlds maps and images

**Review of operations**

The loss for the consolidated entity after providing for non-controlling interest amounted to \$1,011,712 (30 June 2018:\$526,302). The major items of expenditure include employee benefits of \$903,671.

The reduction in revenue for the year along with increased expenditure significantly increased the loss for the year. This was related to development of the Soar platform and building of the block chain technology.

**Significant changes in the state of affairs**

On 1 April 2020 Takor Group Limited acquired 100% of its subsidiary Soar Australia Pty Ltd. The acquisition was by way of a share swap whereby Soar Shareholders received shares in the head entity as consideration.

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

**Matters subsequent to the end of the financial year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been no significant financial impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

On 20th January 2021 Takor Group Limited signed a mandate with Cannacord Genuity who will act as lead manager for a proposed IPO capital raising for an issue of new fully paid ordinary shares to raise a minimum \$12,000,000.

On 29th January 2021 David Patrick Alexander Singleton was appointed as Chairperson.

Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group as at the close date of the 22 March 2021:

Coin Symbol	AUD Spot Price at 30 June 2019	AUD Spot Price at 22 March 2021	AUD Impact
ETH	\$422.18	\$2,215.26	\$3,072,272

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

### **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **Information on directors**

Name: Amir Farhand  
Title: Managing Director and Chief Executive Officer  
Qualifications: Bachelor of Science  
Experience and expertise: Amir is the CEO and Founder of Soar. In the past 15 years, Amir has combined information technology in the fields of source coding, application design, system management and in-stream business operations to commercialise several high-profile mapping systems. These systems have gone on to be used in applications ranging from mining and engineering, through to agriculture and military. Amir has also written and co-authored several internationally recognized technical papers in the field of geospatial technology and mapping systems and their influence in commercial applications in multiple sectors. Several of these papers have gone on to be awarded by the International Remote Sensing Conference (Australia, China and USA) in their ability to assist with geological and geomorphological analysis, particularly with using RADAR algorithms for mineral exploration in tropical regions. Since 2015, Amir has been working closely with mapping and geospatial technologies in bringing mapping to the masses using existing systems such as satellites and drones.

Special responsibilities: None

Name: David Singleton  
Title: Managing Director and Chief Executive Officer  
Qualifications: Mechanical Engineering and Honorary Doctorate of Engineering.  
Experience and expertise: David has spent much of his career in the defence industry around the world in roles encompassing design, heavy manufacturing, customer support and international sales. He was a Non-Executive Director of Austal for four years before becoming CEO in April 2016. David has held numerous senior roles with BAE Systems, one of the world's largest defence companies, including Group Head of Strategy and Mergers & Acquisitions in London from 1997 to 1998 and again in 2003. David was the Chief Executive Officer of Alenia Marconi Systems (AMS) in the intervening years; a joint venture between BAE Systems and Finmeccanica that had turnover of circa €1.4 billion and employed 7,500 people across the UK, Italy, USA and Germany. AMS was a European leader of naval warfare and air defence systems, C4I (command, control, communications, computers and intelligence), ground and naval radars, naval command and control training systems and long term naval support. David started his career with the UK Ministry of Defence and worked in research, development and manufacturing as well as in senior management roles in Royal Ordnance, which was eventually acquired by BAE. Most recently, David was the CEO and Managing Director of Perth based mining company Poseidon Nickel Limited. Prior to this role, he served as CEO and Managing Director of Clough Limited between 2003 and 2007.

Special responsibilities: None

**Takor Group Limited**  
**Directors' report**  
**30 June 2019**

Name: Guy Perkins  
Title: Non-Executive Director  
Qualifications: Bachelor of Civil Engineering  
Experience and expertise: Guy Perkins is an established technology executive that has been involved in ESRI, ER Mappers, Neamap, Spookfish and others over the last 30 years. He is currently a non executive director of ASX listed Scrole  
Special responsibilities: None

Name: Philip Carulli  
Title: Non-Executive Director  
Qualifications: Bachelor of Business, Chartered Accountant, Registered SMSF Auditor  
Experience and expertise: Philip Carulli is a Chartered Accountant and managing director of Optima Financial Group Pty Ltd where he provides financial, taxation and corporate advisory services to a diverse range of businesses. Over the past 23 years Mr Carulli has owned, managed and consulted to companies in professional services, construction, technology, medical, and industrial sectors to name a few. He specialises in working with technology and R&D businesses and is currently a non-executive Director of Takor Group Limited and hitIQ Limited.  
Special responsibilities: None

**Company secretary**

Philip Carulli has also held the role of Company Secretary.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Attended	Held
Amir Farhand	1	1
Guy Perkins	1	1
Philip Carulli	1	1

**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.

**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 thousand dollars, or in certain cases, the nearest dollar.

**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 (WA) 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



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**Amir Farhand**  
**Director**

23 March 2021  
Perth

**Consolidated statement of profit or loss and OCI  
For the year ended 30/06/2019**

	Note	2019 \$	2018 \$
<b>Revenue</b>			
Revenue	3	179,546	345,337
Other Income	3	10,000	19,371
Research and development grant	3	289,705	337,522
<b>Expenses</b>			
Raw materials and consumables used		(3,019)	(1,893)
Accountancy expenses		(7,533)	(17,722)
Advertising expenses		(28,710)	(14,875)
Depreciation and Amortisation		(7,422)	(8,497)
Employee benefits expenses		(903,671)	(767,168)
Administration, consulting and regulatory expenses		<u>(540,608)</u>	<u>(418,377)</u>
<b>Profit/(Loss) before income tax expense</b>		(1,011,712)	(526,302)
Income tax expense	3.a	<u>-</u>	<u>-</u>
<b>Loss after income tax expense</b>		(1,011,712)	(526,302)
Profit/(Loss) for the year is attributable to:			
Owners of Takor Group Ltd		(1,007,865)	(529,964)
Non-controlling interests		<u>(3,847)</u>	<u>3,662</u>
		(1,011,712)	(526,302)

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

**Consolidated Statement Other Comprehensive Income  
For the year ended 30 June 2019**

**Consolidated Statement Other Comprehensive Income**

<b>Loss for the Period</b>	(1,011,712)	(526,302)
<b>Other Comprehensive Income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of Intangible asset	<u>224,511</u>	<u>-</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(787,201)</u>	<u>-</u>
<b>Total comprehensive income for the period is attributable to:</b>		
The owners of Takor Group Limited	(783,354)	(529,964)
Non-controlling interests	(3,847)	3,662
	<u>(787,201)</u>	<u>(526,302)</u>



**Consolidated Statement of Financial Position**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,404,112	472,971
Trade and other receivables	5	18,375	106,655
Other receivables	6	<u>627,740</u>	<u>343,992</u>
<b>Total current assets</b>		<u><b>2,050,227</b></u>	<u><b>923,618</b></u>
<b>Non-current assets</b>			
Property, plant and equipment	7	38,265	44,139
Intangible Assets	7a	<u>723,369</u>	<u>-</u>
<b>Total non-current assets</b>		<u><b>761,634</b></u>	<u><b>44,139</b></u>
<b>Total assets</b>		<u><b>2,811,861</b></u>	<u><b>967,757</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	692,654	554,518
Provisions	9	54,245	38,080
Borrowings	10	<u>400,000</u>	<u>449,487</u>
<b>Total current liabilities</b>		<u><b>1,146,899</b></u>	<u><b>1,042,085</b></u>
<b>Non-Current liabilities</b>			
Provisions	9	<u>20,858</u>	<u>15,866</u>
		<u>20,858</u>	<u>15,866</u>
<b>Total Liabilities</b>		<u><b>1,167,757</b></u>	<u><b>1,057,951</b></u>
<b>Net assets/(liabilities)</b>		<u><b>1,644,104</b></u>	<u><b>(90,194)</b></u>
<b>Equity</b>			
Share Capital and Share Premium	11a	1,981,032	1,951,564
Reserves	11b	224,511	-
Retained Earnings	11c	<u>(3,816,385)</u>	<u>(2,808,520)</u>
		<u>(1,610,842)</u>	<u>(856,956)</u>
Non Controlling Interest		3,254,946	766,762
<b>Total equity/(Equity deficit)</b>		<u><b>1,644,104</b></u>	<u><b>(90,194)</b></u>

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

**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2019**

	<b>Issued Capital</b>	<b>Retained Losses</b>	<b>Reserves</b>	<b>NCI</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2017	1,951,564	(2,278,556)	-	-	(326,972)
Loss after income tax expense for the period	-	(529,964)	-	3,662	(526,302)
Total comprehensive income attributable to the owners of Takor Group Limited		(529,964)		3,662	(526,302)
Transactions with owners in their capacity as owners:	-	-	-	-	-
Contributions of equity by NCI, net of transaction costs				763,100	763,100
Less: Share issue costs	-	-	-	-	-
Balance at 30 June 2018	1,951,564	(2,808,520)	-	766,762	(90,194)
	<b>Issued Capital</b>	<b>Retained Losses</b>	<b>Reserves</b>	<b>NCI</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	1,951,564	(2,808,520)	-	766,762	(90,194)
Loss after income tax expense for the period	-	(1,007,865)	-	(3,847)	(1,011,712)
Intangible asset revaluation	-	-	224,511		224,511
Total comprehensive income attributable to the owners of Takor Group Limited		(1,007,865)	224,511	(3,847)	(787,201)
Contributions of equity, net of transaction costs	29,468	-	-	-	29,468
Contributions of equity by NCI, net of transaction costs	-	-	-	2,492,031	2,492,031
Balance at 30 June 2019	1,981,032	(3,816,385)	224,511	3,254,946	1,644,104

**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		267,826	221,448
Payments to suppliers and employees (inclusive of GST)		(1,217,110)	(992,187)
Other receipts		15,957	35,392
Receipts from R&D tax rebate		<u>-</u>	<u>337,522</u>
Net cash used in operating activities	16	<u>(933,327)</u>	<u>(397,825)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,547)	(7,479)
Proceeds from sale of digital assets		<u>219,302</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>217,755</u>	<u>(7,479)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(49,487)	(50,760)
Proceeds from issue of shares, net of costs		-	763,100
Transactions with NCI		1,696,200	-
Net cash from financing activities		<u>1,646,713</u>	<u>712,340</u>
Net increase in cash and cash equivalents		931,141	307,036
Cash and cash equivalents at the beginning of the financial year		<u>472,971</u>	<u>165,935</u>
Cash and cash equivalents at the end of the financial period	4	<u><u>1,404,112</u></u>	<u><u>472,971</u></u>

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

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 1. Significant accounting policies**

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

**New, revised or amending Accounting Standards and Interpretations adopted**

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

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

**Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of preparing and distributing financial statements to the owners of Takor Group Limited and for the purposes of the preparation of the Investigating Accountants Report for inclusion in a prospectus. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Takor Group Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

*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, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*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 company'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.

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**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 settlement of liabilities in the normal course of business.

The Group incurred a loss of \$1,011,710 and experienced net cash outflows from operations of \$933,327 for the year ended 30 June 2019. The Group has liabilities of \$1,167,755 and cash on hand of \$1,404,112 as at 30 June 2019.

The ability of the Group to continue as a going concern is dependent upon the success of the fundraising under a prospectus yet to be issued. This requirement gives rise to a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and therefore that it will be able to realise its assets and discharge its liabilities in the normal course of business, and at the amount stated in the financial report.

The directors believe that the Group will continue as a going concern for the following reasons:

- The Group plans to undertake a capital raise under a prospectus to raise \$12,000,000 (before costs) with a minimum subscription requirement to raise at least \$12,000,000 under a prospectus yet to be issued;
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements. Management have considered the future capital requirements of the Group and will consider all funding options as required.
- The Directors of Takor Group Limited have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected from the commercialisation of the Group's products.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis for the preparation of the financial report. Should the Group not achieve the matters as set out above, there is material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 Group not continue as a going concern.

**Revenue recognition**

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

*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.

*Project Revenue*

Project revenue relates to revenue to be recognised over time as the project is being completed. The Group recognises revenue from aerial mapping and digital imagery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

*Subscription Services*

Revenue from the Group's subscription services is recognised over time, over the contract term beginning on the date the Group's services are made available to the customer. Subscription periods are typically annual, or multiyear in duration and are billed in advance and are usually non-refundable.

Revenue from the Group's subscription services represents a single promise to provide continuous access to its digital aerial imagery. As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, The Group has determined that its subscription service arrangement include a single performance obligation comprised of a series of distinct services.

The majority of the Group's customers access images online through an annual subscription. Revenue recognition for these products remained unchanged as a result of the adoption of AASB 15.

*Interest*

Interest revenue 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.

*Research and Development (R&D) Tax Incentive*

R&D tax incentives from the government are recognised when 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.

**Current and non-current classification**

Assets and liabilities are presented in the 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 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 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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group 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.

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**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:

Plant and equipment	2-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**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

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company 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.

**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 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 as 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Superannuation expense**

Contributions to superannuation plans are expensed in the period in which they are incurred.

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**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.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Dividends**

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

**Intangible assets**

*Digital assets*

Digital assets are assets, including Ethereum, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital Assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB. Management consider it appropriate to group digital assets into a single balance in the Consolidated Financial Statements and providing users with a reconciliation by category in the notes to the Financial Statements.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below.

The Group consider that any digital asset that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered to intangible assets.

For digital assets that meet the criteria of AASB138: Intangible Assets, the Group measures digital assets at its fair value less costs to sell in accordance with the revaluation model (provided there is an active market), with increase in fair value being recognised in OCI and credited to a revaluation reserve, unless it reverses a revaluation deficit of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Digital assets classified as intangible assets are considered to be indefinite life intangible assets given their nature.

*Reconciliation of Digital Assets*

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.



**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 3. Other income**

	<b>2019 \$</b>	<b>2018 \$</b>
Sale of goods or services	179,546	345,337
Other income - Research and development tax benefit	289,705	337,522
Other income	10,000	19,371
	<u>479,251</u>	<u>702,230</u>

Disaggregation of revenue

**2019 \$**                      **2018 \$**

*Major Product lines*

Mappt	85,267	213,638
Mappt Military	78,932	81,499
Satellite Imagery	15,347	50,200
	<u>179,546</u>	<u>345,337</u>

*Timing of revenue recognition*

Products transferred at a point in time	-	-
Products and services transferred over time	179,546	345,337
	<u>179,546</u>	<u>345,337</u>

**Note 3a. INCOME TAX EXPENSE**

**2019 \$**                      **2018 \$**

The components of the tax expense/(income) comprise:

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

**Note 4. Current assets - cash and cash equivalents**

**2019 \$**                      **2018 \$**

Cash at bank	1,403,968	472,947
Overdraft Accounts	(8)	-
Paypal	152	25
	<u>1,404,112</u>	<u>472,971</u>

**Note 5. Current assets - trade and other receivables**

**2019 \$**                      **2018 \$**

Trade Receivables	15,664	106,432
GST Receivable	2,711	223
	<u>18,375</u>	<u>106,655</u>

**Note 6. Other receivable**

**2019 \$**                      **2018 \$**

Research and development tax benefit	627,227	337,522
Prepaid Expenses	-	6,250
Loan - Kojai Pty Ltd	513	220
	<u>627,740</u>	<u>343,992</u>

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 7. Property, plant & equipment**

	2019 \$	2018 \$
Motor Vehicles at cost	4,576	4,576
Less : accumulated depreciation	(3,697)	(3,404)
Office equipment at cost	55,311	55,311
Less : accumulated depreciation	(22,150)	(17,804)
Plant & Equipment at cost	92,047	90,499
Less : accumulated depreciation	(87,822)	(85,040)
	<u>38,265</u>	<u>44,139</u>

Movements in carrying amounts	Motor Vehicles	Plant & Equipment	Office Equipment	Total
Balance – 1 July 2018	1,173	5,459	37,507	44,139
Additions	-	1,547	-	1,547
Depreciation expense	(293)	(2,782)	(4,346)	(7,422)
Balance – 30 June 2019	<u>879</u>	<u>4,224</u>	<u>33,161</u>	<u>38,265</u>

**Note 7a. Intangible Assets**

	2019 \$	2018 \$
Ethereum - Crypto Wallet	723,369	-
	<u>723,369</u>	<u>-</u>

Digital assets are Ethereum Coins, which use an open-source software based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital assets are emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB.

Management consider it appropriate to group digital assets into a single balance in the Consolidated Financial Statements and providing users with a reconciliation by category in the notes to the Financial Statements.

**Note 8. Current liabilities – trade and other payables**

	2019 \$	2018 \$
Trade Creditors	34,719	165,995
Accrued Expenses	296,986	229,626
ATO Payable	194,480	42,689
PAYG Withholding Payable	84,668	45,042
Superannuation Payable	41,116	23,317
Credit Cards	40,546	35,873
Other Payables	139	11,976
	<u>692,654</u>	<u>554,518</u>

**Note 9. Current liabilities - Provisions**

	2019 \$	2018 \$
Employee entitlements - annual leave	54,245	38,080

**Note 9. Non-current liabilities - Provisions**

Employee entitlements - long service leave	20,858	15,866
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**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 10. Borrowings**

	2019 \$	2018 \$
Loan – Directors	-	49,487
Loan – Bone Medical Limited	400,000	400,000
	<u>400,000</u>	<u>449,487</u>

The Bone Medical Limited (formerly Botanix Pharmaceuticals Ltd) loan balance comprises a short-term unsecured loan provided by Bone Medical Limited which was previously classified as a convertible note, however on 25 July 2017 the terms were amended for the \$400,000 principal amount to be repaid in cash. The loan is interest-free and is intended to be repaid in cash following the Company completing its IPO and listing on the ASX.

**Note 11a. Equity - issued capital**

	2019 Shares	2018 Shares	2019 \$	2018 \$
<i>Takor Group Limited Ordinary shares - fully paid</i>	42,220,833	42,073,491	1,981,032	1,951,564

*Movements in ordinary share capital*

Details	Date	No of shares	\$
Opening Balance	30-Jun-18	42,073,491	1,951,564
Issue of Shares	30-May-19	147,342	29,469
Less: Share issue Costs			
Closing Balance	30-Jun-19	<u>42,220,833</u>	<u>1,981,033</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.

**Note 11b. Reserves**

	2019 \$	2018 \$
Revaluation - Ethereum Crypto Wallet	224,511	-
	<u>224,511</u>	<u>-</u>

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 11c. Equity - Accumulated profits/(retained losses)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(Retained losses) at the beginning of the financial year	(2,808,520)	(2,278,556)
Loss after income tax expense for the period	(1,007,865)	(529,964)
Dividends provided for or paid	-	-
Accumulated profits/(retained losses) at the end of the financial period	<u>(3,816,385)</u>	<u>(2,808,520)</u>

**Note 12. Commitments**

There were no commitments at 30 June 2019 (30 June 2018: nil).

**Note 13. Contingent liabilities**

There were no contingent liabilities at 30 June 2019 (30 June 2018: nil).

**Note 14. Dividends**

	<b>2019 \$</b>	<b>2018 \$</b>
Dividend paid	-	-
	<u>-</u>	<u>-</u>

**Note 15. Events after the reporting period**

Since reporting date Takor has established a subsidiary company 'Soar Australia Pty Ltd. Soar Australia Pty Ltd was registered to raise capital for a proposed blockchain based platform to host geospacial imagery. Soar raised a total of \$770,000 since incorporation on 29 November 2017. On 1 April 2020 the company completed the acquisition of shares in Soar to convert their holding in Soar to fully paid shares in Takor Group Limited in order to consolidate the two entities for a proposed future capital raise event. This has resulted in Takor Group now holding 100% of the shares in Soar Australia Pty Ltd.

Soar Australia Pty Ltd also undertook an Initial Coin Offering event with the issue of SKYM tokens in order for users to transact on the blockchain platform.

Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group as at the close date of the 22 March 2021:

Coin Syr	AUD Spot Price at 30 June 2019	AUD Spot Price at 22 March 2021	AUD Impact
ETH	\$422.18	\$2,215.26	\$3,072,272

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Note 16. Reconciliation of loss after income tax to net cash from operating activities**

	<b>2019 \$</b>	<b>2018 \$</b>
Adjustments for:		
<b>Loss after income tax expense for the period</b>	(1,011,712)	(526,302)
Adjustments for:		
Depreciation of property, plant & equipment	7,422	8,497
Expenses settled in shares/Ethereum	107,138	-
(Increase)/Decrease in trade receivables	88,280	(123,870)
(Increase)/Decrease in other assets	(283,748)	17,039
Increase/(Decrease) in other payables	138,136	210,944
Increase/(Decrease) in provisions	21,157	15,866
	<u>(933,327)</u>	<u>(397,825)</u>

**Notes to the Financial Statements**  
**Annual Report - 30 June 2019**

**Directors' Declaration**

In the Directors' opinion:

- The Group is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the consolidated financial statements, the attached special purpose financial statements have been prepared for the purposes of preparing and distributing financial statements to the owners of Takor Group Limited and for the purposes of the preparation of the Investigating Accountants Report for inclusion in a prospectus;
- the attached consolidated financial statements and notes thereto comply with the Accounting Standards as described in note 1 to the financial statements and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2019 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

On behalf of the Directors



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Amir Farhand  
Director



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Philip Carulli  
Director

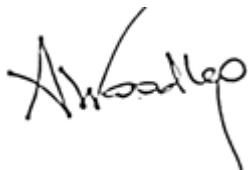
Date 23 March 2021  
Perth

**DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF TAKOR GROUP LIMITED**

As lead auditor of Takor Group Limited for the year ended 30 June 2019 and 30 June 2018, 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 Takor Group Limited and the entities it controlled during the period.



**Ashleigh Woodley**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 23 March 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Takor Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Takor Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019 and 30 June 2018, 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 years then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Takor Group Limited, 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 2019 and 30 June 2018 and of its financial performance for the years ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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.

### **Emphasis of matter - Basis of accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the years ended 30 June 2019 and 30 June 2018, 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 the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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 (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive font. Below this, there is a large, fluid signature that appears to read 'Ashleigh Woodley'.

**Ashleigh Woodley**

Director

Perth, 23 March 2021