Intelligent Monitoring Group Limited

ABN 36 060 774 227

Annual Report - 30 June 2022

Contents

Directors	Peter Kennan	Non-Executive Chairman from 9 July 2021
	Dimitri Bacopanos	Non-Executive Director
	Dennison Hambling	Deputy Chairman and Executive Director (previously Non-Executive Director. Appointed as Deputy Chairman on 9 July 2021 and appointed as Executive Director on 13 August 2021)
	Robert Hilton	Executive Director. Appointed on 5 July 2022

Company secretary	Jane Prior
Registered office	Level 1, 678 Murray Street West Perth WA 6005 Telephone: 1300 THREAT (1300 847 328) Email: info@threatprotect.com.au PO Box 1920 West Perth WA 6872
Share register	Link Market Services Limited Level 12 QV1 Building, 250 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Solicitors	Lavan Legal The Quadrant, 1 William Street Perth WA 6000 Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street, Perth WA 6000
Stock exchange listing	Intelligent Monitoring Group Limited shares are listed on the Australian Securities Exchange (ASX code: IMB)
Website	www.theimg.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Intelligent Monitoring Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Intelligent Monitoring Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any recommendations that have not been followed, and the ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found at www.theimg.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'The Group' or 'Group') consisting of Intelligent Monitoring 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 2022.

Directors

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

Peter Kennan	Non-Executive Chairman (appointed Chairman on 9 July 2021. Previously Non-Executive Director)
Dennison Hambling	Deputy Chairman and Executive Director (previously Non-Executive Director. Appointed as Deputy Chairman on 9 July 2021 and appointed as Executive Director on 13 August 2021)
Dimitri Bacopanos	Non-Executive Director
Derek La Ferla	Non-Executive Director (resigned as Chairman on 9 July 2021 and resigned as a Director on 20 September 2021)
Robert Hilton	Executive Director (appointed 5 July 2022)

Principal activities

During the financial year the principal continuing activity of the Group consisted of the provision of security, monitoring and risk management services in Australia.

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to $4,177,000 (30 June 2021: $15,658,000).

Financial performance

Revenue from ordinary activities amounted to $23,088,000 (30 June 2021: $25,465,000). The reduction on the comparative period (9% decrease) is due to lower guarding revenue, reduced training from the impact of Covid-19 and reduced monitoring revenue,

The Group measures performance by Adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') to normalise for:

- Accounting treatment of transactions associated with the purchase, integration and rationalisation of business assets; and
- Non-cash items such as impairment and share-based payments.

The directors consider Adjusted EBITDA to reflect the core earnings of the Group. Adjusted EBITDA is a financial measure not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant expenses. Adjusted EBITDA is a key measurement used by management and the board to assess and review business performance and accordingly the table below provides a reconciliation between loss after income tax benefit and Adjusted EBITDA.

	Consolidated	
	2022 $'000	2021 $'000
Loss before income tax benefit	(4,177)	(15,658)
Finance costs	5,790	7,854
Depreciation and amortisation in cost of sales	432	444
Depreciation and amortisation expense	5,810	7,598
EBITDA	7,855	238
Adjustments		
Impairment of receivables	310	93
Impairment of assets	-	2,586
Business acquisition and integration costs	189	2,735
Other income	(4,729)	(242)
Adjusted EBITDA	3,625	5,410

Adjusted EBITDA for FY2022 of $3,625,000 (FY2021: $5,410,000) represents a decrease of 33%, which is mainly driven by the decrease in revenue.

The Group has reduced business acquisition and integration costs, finance costs and lower amortisation of intangible assets when compared to the prior year. In addition, as part of the debt restructure following the equity raising, $3,856,000 of a loan was forgiven (included in other income).

Net cash inflows resulting from operating activities amounted to $400,000 (30 June 2021: net cash inflow of $5,000,000) a decrease of $4.6m, due to reduced revenue, the commencement of payment plans to the ATO and increased payments to suppliers.

Cash equivalents as at 30 June 2022 was $7,036,000, an increase of $5,202,000 from 30 June 2021, mainly driven by positive cash flow from financing activities, partly offset by the acquisition of Advanced Inland Security and the purchase of intangible assets.

The Group's net assets as at 30 June 2022 was $448,000 (2021: net liabilities of $32,236,000). This improvement is due to the reduction in the Group's borrowings (current and non-current) during the financial year. The Group's borrowings of $30,496,000 as at 30 June 2022 is required to be classified as current in the consolidated statement of financial position in accordance with Australian Accounting Standards. However, only $3,000,000 of the Group's borrowings is due and payable within the next 12 months.

As a result of the loss incurred and the operating cash outflows for the year ended 30 June 2022, there is a material uncertainty on whether the Group can continue as a going concern. The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Outlook

The Group now expects to deliver a reported underlying EBITDA of over $5,900,000 for FY2023. This is ahead of the expected proforma underlying EBITDA of $5,900,000 (delivered from the pre-existing business, the acquisitions of the Mammoth Technology Group Pty Ltd and Advanced Inland Security Pty Ltd, and expected savings resulting from the implementation of Patriot during FY23) which was announced as part of the May 2022 capital raising.

Significant changes in the state of affairs

On 9 July 2021, Peter Kennan was appointed Non-Executive Chairman of the Board of Directors and John Hallam was appointed as Chief Executive Officer.

On 4 August 2021, Brad Kobus resigned as the Chief Financial Officer.

On 12 August 2021, to better reflect the broader range of operations and activities of the Company moving forward, the Company announced the intention to change its name to Intelligent Monitoring Group Limited (ASX Code: IMB). This was approved at the Annual General Meeting held on 3 December 2021 and the effective date for the change of name was 17 December 2021. The Board also approved a plan to consolidate its share capital by a factor of 100:1.

On 13 August 2021, Dennison Hambling was appointed as Executive Director at an agreed salary of $275,000 per annum inclusive of superannuation.

On 30 August 2021, the claim for contingent consideration by the vendors of Onwatch of $892,000 and counter claims was settled without requiring payment other than legal and other costs.

On 24 September 2021, announced an equity raising to recapitalise the company and entered into arrangements with its lenders to structure its debt facilities and revise its financial covenants.

On 28 September 2021, the Company completed an equity raising on its Institutional offer. A total of $15,014,000 (before transaction costs) was raised for the issue of 3,002,833,701 shares in the Company.

On 30 September 2021, Derek La Ferla resigned as Director.

On 1 October 2021, Rajesh Tailor was appointed as Chief Finance Officer. Rajesh resigned on 10 May 2022, effective 10 August 2022.

On 26 October 2021, the Company completed an equity raising on its Retail offer. A total of $16,852,000 (before transaction costs) was raised for the issue of 3,370,459,836 shares in the Company.

On 1 November 2021, Peter Webse resigned as Company Secretary and Jane Prior was appointed.

On 3 December 2021, the share capital of the Company was consolidated by a factor of 100:1.

In May and June 2022, the Company completed an equity raising on its Retail and Institutional offers. A total of $7,807,000 (before transaction costs) was raised for the issue of 56,196,128 shares in the Company.

On 30 June 2022, the Group acquired 100% of the ordinary shares of Advanced Inland Security Pty Ltd ('AIS'), an Australian private company. The acquisition gives the Group more scale but more importantly the ability to execute on its connected camera strategy immediately.

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

Matters subsequent to the end of the financial year

On 4 July 2022 the Group completed the acquisition of Mammoth Technology Group Pty Ltd. The consideration paid included the issue of 8,000,000 shares, on 4 July 2022, at 25 cents per share amounting to $2,000,000 plus a cash payment of $2,000,000 on 1 September 2022. The cash payment was funded by the capital raise as announced on the ASX on 24 May 2022. Following the completion of the acquisition Robert Hilton (former owner of Mammoth Technology Group Pty Ltd) was appointed as an Executive Director (on 5 July 2022) of the Group. Robert Hilton is also eligible to receive 5,000,000 performance rights, subject to shareholder approval at the next AGM. The acquisition gives the Group more scale but more importantly the ability to execute on its connected camera strategy immediately.

Effective from 5 July 2022 the Company announced the appointments of Dennison Hambling as Managing Director and Robert Hilton as Executive Director. Also announced was the appointment of Roy Kelly as Chief Financial Officer effective from 1 July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

A detailed review of the Group’s operations, including likely developments and plans, is set out in the section titled 'Review of operations' in this annual report.

Business risks

The following is a summary of material business risks that could adversely affect the Group’s financial performance and growth potential in future years and how we propose to mitigate such risks.

Macroeconomic risks
As the products sold by the Group are discretionary for many customers, the Group's financial performance can be impacted by current and future economic conditions which it cannot control, such as increases in interest rates and inflation. The Group stays abreast of these conditions, focuses on its internal debtor controls and diversifies its customer base to help manage these risks.

Competitive market and changes to market trends
The Group operates in a highly competitive market. Innovation is constant and superior products that may be released to the market could result in pricing pressures upon our product and result in unfavourable product positioning within the market. We manage this risk through maintaining product development teams that are highly experienced and remain abreast of the latest technological advances and implications for our current and future products. We also continue to invest in our brand which continues to be well regarded within Australia.

COVID-19
The Group continued to respond promptly and strategically to the ongoing and rapidly changing impact of COVID-19 related risks. The Group has a COVID-19 Safety Plan that provides staff and contractors guidance on operating in a COVID-safe way and helps identify and mitigate risks during the ongoing pandemic. Our overriding objective is to continue delivering services to our customers. We will do this responsibly and in accordance with the recommendations of the Commonwealth and State Governments.

Privacy and data breach
It is the policy of the Group to operate our business in a manner that consistently meets or exceeds the legal rights of persons regarding the privacy and confidentiality of information relating to them by ensuring compliance with the provisions of relevant privacy legislation. We ensure that only such information as is necessary for employment and business purposes is collected and that this information will only be accessible by persons who are specifically authorised to access the information.

Work, health and safety ('WHS')
As part of the Group's commitment to achieving the principles of health and safety in the workplace, we recognise our moral and legal responsibility to provide a safe and healthy work environment for our staff, contractors, customers, and visitors. This commitment also extends to ensuring the establishment of measurable objectives and targets to ensure continued improvement aimed at the elimination of work-related injuries and illnesses.

The Group will continue to fulfil the aims and objectives of its WHS policy by using documented WHS aims, objectives and targets to allow evaluation of our WHS performance. Audits will be carried out to assess the extent to which WHS objectives and targets have been reached, and to assess the continuing suitability of the plan in relation to changing conditions and information regarding hazards, risks, processes, materials, etc., and the concerns of relevant interested parties.

Regulatory compliance
The Group is subject to several Australian laws and regulations such as Police licencing requirements, consumer protection laws, privacy laws and those relating to workplace health and safety. The Group maintains sufficient internal controls and staff are inducted and trained to ensure continued compliance.

Cybersecurity and Information technology ('IT') infrastructure
The group is in the process of conducting a review of its cybersecurity resilience and will partner with an external consultant to implement any recommendations.

Reliance on key personnel
The Group is engaged in activities during the financial year to develop the skills and experience of potential successors as part of its succession planning initiatives.

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

Information on directors

Name:	Peter Kennan
Title:	Non-Executive Chairman (appointed Chairman on 9 July 2021. Previously Non-Executive Director)
Qualifications:	B.Eng (Hons), GDipAppFin
Experience and expertise:	Peter is CEO and CIO of Black Crane Capital. The Black Crane Asia Pacific Opportunities Fund, managed by Black Crane Capital, is a substantial shareholder of the Company. Prior to founding Black Crane in 2009, Peter was a leading corporate financier with UBS Asia Pacific. He has 25 years of investment and corporate finance experience across a diverse range of sectors and transactions. With UBS, Peter was Head of Asian Industrials Group for UBS Asia, a corporate finance sector team covering energy and infrastructure, with number 1 team rating in Asia in 2006 and 2007. Peter was also the Head of Telecoms and Media sector team for UBS Australia, specialising in mergers and acquisitions and advising on many large complex transactions. Prior to UBS, Peter spent seven years with BP in a variety of engineering and commercial roles.
Other current directorships:	Non-Executive Director MMA Offshore Limited
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	80,124,820 ordinary shares
Interests in options:	None

Name:	Dimitri Bacopanos
Title:	Non-Executive Director
Qualifications:	B.Com, CA
Experience and expertise:	Dimitri has extensive experience in mergers and acquisitions, most recently as Executive Director in the Transaction Advisory Services team at Ernst & Young. He has more than 21 years' commercial experience in both private and ASX listed companies and has worked across a number of major transactions, including in the technology, industrial, and agriculture sectors. His expertise extends to a wide range of corporate advisory roles covering operational reviews, feasibility analyses, strategic planning and implementation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit Committee
Interests in shares:	80,000 ordinary shares
Interests in options:	None

Name:	Dennison Hambling
Title:	Deputy Chairman and Executive Director (previously Non-Executive Director. Appointed as Deputy Chairman on 9 July 2021 and appointed as Executive Director on 13 August 2021)
Qualifications:	M.Com (Hons) in economics, CFA Charterholder
Experience and expertise:	Dennison is a professional investor and company advisor. Dennison has over 22 years of capital market experience having been head of Public & Private Equity at 360 Capital, CIO at First Samuel, and Portfolio Manager at Cooper investors priorly. He is currently a Non-Executive Director of Cardioscan.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	354,918 ordinary shares
Interests in options:	None
Interests in rights:	1,850,000 performance rights over ordinary shares

Name:	Robert Hilton
Title:	Executive Director
Qualifications:	None
Experience and expertise:	Founded The Promotions Factory (now TPF Group) in 1988, 34 years of experience in Sales and Marketing, has built promotional strategies and executed global award winning campaigns for the biggest brands in Australia. Founder Mammoth Technology Group
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Head of Customer, Product Innovation and Marketing
Interests in shares:	8,549,667 ordinary shares
Interests in options:	None

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

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

Company secretary

Jane Prior was appointed as the Company Secretary on 1 November 2021. Jane holds a Bachelor of Laws and Bachelor of Arts from the University of Queensland and is admitted as a solicitor of the Supreme Courts of Queensland and New South Wales. Jane has worked in law firms in Brisbane and London, in house and has been a company secretary of listed companies for over a decade.

The previous Company Secretary was Peter Webse who resigned on 1 November 2021.

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 2022, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Peter Kennan	4	4	-	-
Dimitri Bacopanos	4	4	2	2
Dennison Hambling	4	4	2	2
Derek La Ferla	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

At the date of this Directors' report, there are currently no nomination, finance, due diligence or operations committees. The Directors believe that the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the Board of Directors in its entirety.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 November 2019, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2022, the Group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies, including the implementation of the LTI.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')
At the 2021 AGM, 94.84% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the directors of Intelligent Monitoring Group Limited and the following persons:
- John Hallam - Chief Executive Officer (appointed on 9 July 2021, previously Chief Operations Officer)
- Rajesh Tailor - Chief Financial Officer (appointed on 1 October 2021)
- Brad Kobus - Chief Financial Officer (resigned on 4 August 2021 effective, 27 October 2021)

2022	Short-term benefits: Cash salary, fees and leave $	Short-term benefits: Cash bonus $	Short-term benefits: Other* $	Post-employment benefits: Super-annuation $	Termination benefits $	Equity-settled Share-based payments: Performance rights $	Total $
Non-Executive Directors:							
Peter Kennan	54,591	-	-	-	-	-	54,591
Dimitri Bacopanos	36,000	-	-	-	-	-	36,000
Derek La Ferla **	8,931	-	-	-	-	-	8,931
Executive Directors:							
Dennison Hambling	236,501	-	-	20,571	-	55,500	312,572
Other Key Management Personnel:							
John Hallam	280,250	-	-	23,568	-	55,500	359,318
Rajesh Tailor	175,407	-	-	16,363	-	-	191,770
Brad Kobus **	52,385	-	1,400	5,137	16,595	-	75,517
	844,065	-	1,400	65,639	16,595	111,000	1,038,699

* The 'Other' category represents motor vehicle allowances.
** Represents remuneration to the date of resignation.

2021	Short-term benefits: Cash salary, fees and leave $	Short-term benefits: Cash bonus $	Short-term benefits: Other* $	Post-employment benefits: Super-annuation $	Termination benefits $	Equity-settled Share-based payments: Options $	Total $
Non-Executive Directors:							
Derek La Ferla	50,000	-	-	1,096	-	-	51,096
Dimitri Bacopanos	36,000	-	-	-	-	-	36,000
Dennison Hambling	36,000	-	-	3,420	-	-	39,420
Peter Kennan	36,000	-	-	-	-	-	36,000
Executive Directors:							
Demetrios Pynes**	282,805	-	16,800	22,190	-	-	321,795
Other Key Management Personnel:							
Brad Kobus	177,614	-	23,600	16,378	-	-	217,592
John Hallam	191,769	-	-	17,100	-	-	208,869
	810,188	-	40,400	60,184	-	-	910,772

* The 'Other' category represents motor vehicle allowances.
** Represents remuneration to the date of resignation 28 June 2021.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
Peter Kennan	100%	100%	-	-	-	-
Dimitri Bacopanos	100%	100%	-	-	-	-
Dennison Hambling *	-	100%	-	-	-	-
Derek La Ferla	100%	100%	-	-	-	-
Executive Directors:						
Dennison Hambling *	82%	-	-	-	18%	-
Demetrios Pynes	-	100%	-	-	-	-
Other Key Management Personnel:						
John Hallam	85%	100%	-	-	15%	-
Rajesh Tailor	100%	-	-	-	-	-
Brad Kobus	100%	100%	-	-	-	-

* Dennison Hambling was appointed as Executive Director on 13 August 2021.

Service agreements

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

Name:	Peter Kennan
Title:	Non-Executive Chairman from 9 July 2021 (previously Non-Executive Director)
Agreement commenced:	20 January 2020
Term of agreement:	Peter’s appointment has been made pursuant to the Company’s Constitution and he will be required to retire by rotation periodically in accordance with the Constitution. Peter may resign from office at any time.
Details:	Peter’s remuneration is set at $55,000 per annum from 9 July 2021 plus statutory superannuation, where applicable.

Name:	Dimitri Bacopanos
Title:	Non-Executive Director
Agreement commenced:	10 January 2017
Term of agreement:	Dimitri’s appointment has been made pursuant to the Company’s Constitution and he will be required to retire by rotation periodically in accordance with the Constitution. Dimitri may resign from office at any time.
Details:	Dimitri’s remuneration is set at $36,000 per annum plus statutory superannuation, where applicable.

Name:	Dennison Hambling
Title:	Deputy Chairman and Executive Director (Previously Non-Executive Director. Appointed as Deputy Chairman on 9 July 2021 and appointed as Executive Director on 13 August 2021)
Agreement commenced:	20 January 2020
Term of agreement:	Dennison’s appointment has been made pursuant to the Company’s Constitution and he will be required to retire by rotation periodically in accordance with the Constitution. Dennison may resign from office at any time.
Details:	Dennison’s remuneration is set at $275,000 per annum (inclusive of statutory superannuation) from 13 August 2021 (and no longer receives Director's fee).

Name:	John Hallam
Title:	Chief Executive Officer (Previously Chief Operations Officer until 9 July 2021)
Agreement commenced:	1 July 2021
Term of agreement:	The agreement may be terminated by either the Company or John by giving at least three months' notice. John is also prohibited from competing with the Company for three months following the termination. If the Company enforces this restriction, the Company will continue to pay John his remuneration during that period.
Details:	From 1 July 2021, John's remuneration comprises a salary of $295,000 per annum and superannuation guarantee contributions as required by law. John is entitled to annual leave and long service leave as required by law. John will also be entitled to a one off bonus of $75,000 within three months of implementing a change in the main undertaking of the business.

Name:	Rajesh Tailor
Title:	Chief Financial Officer (resigned on 10 May 2022, effective 10 August 2022)
Agreement commenced:	1 October 2021
Term of agreement:	The agreement may be terminated by either the Company or Rajesh by giving at least 3 months' notice.
Details:	Rajesh's remuneration comprises a salary of $225,000 per annum, plus superannuation guarantee contributions as required by law. Rajesh is entitled to annual leave and long service leave as required by law.

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

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting **	Fair value per right at grant date **
03/12/2021	Various *	03/12/2024	$0.600	$0.400
03/12/2021	Various *	03/12/2024	$0.800	$0.300
03/12/2021	Various *	03/12/2024	$1.000	$0.300

* The vesting of these performance share rights into ordinary shares is based on the achievement of specific increases in the volume weighted average price of the Company's shares (refer to note 34). The performance rights expire three years from the date of issue.

** The share price and the fair value of the rights have been adjusted to reflect the 1:100 consolidation of shares in December 2021.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Number of rights granted during the year 2022	Number of rights granted during the year 2021	Number of rights vested during the year 2022	Number of rights vested during the year 2021
John Hallam	1,850,000	-	-	-
Dennison Hambling	1,850,000	-	-	-

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
John Hallam	55,500	-	-	-
Dennison Hambling	55,500	-	-	-

Additional information

The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Sales revenue	23,088	25,465	27,633	19,741	14,683
Loss after income tax	(4,177)	(15,658)	(32,380)	(10,621)	(3,246)

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

	2022	2021	2020	2019	2018
Share price at financial year end ($)	0.08	0.02	0.05	0.18	0.17
Basic earnings per share (cents per share)	(8.15)	(6.50)	(14.32)	(7.64)	(2.91)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Additions to Dec 2021	Disposals	Decrease due to share consolidation 100:1	Additions after reconstruction	Balance at the end of the year
Ordinary shares						
Peter Kennan	31,250,000	3,315,065,450	-	(3,312,852,296)	46,661,666	80,124,820
Dimitri Bacopanos	333,333	7,666,659	-	(7,919,992)	-	80,000
Dennison Hambling	25,491,890	10,000,000	-	(35,136,972)	-	354,918
Derek La Ferla *	1,177,172	-	(1,177,172)	-	-	-
	58,252,395	3,332,732,109	(1,177,172)	(3,355,909,260)	46,661,666	80,559,738

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

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Dennison Hambling	-	1,850,000	-	-	1,850,000
John Hallam	-	1,850,000	-	-	1,850,000
	-	3,700,000	-	-	3,700,000

Other transactions with key management personnel and their related parties
The following transactions occurred with related parties:

	Consolidated 2022 $	Consolidated 2021 $
Goods and services provided to key management personnel on commercial terms (Group income):		
Derek La Ferla	420	462
Dimitri Bacopanos	420	462
	840	924
Employment of spouses and children of key management personnel (Group expense)		
Amounts include salary, fees and superannuation.		
Jordan Hallam (John Hallam's son)	22,949	4,373
Related entity: Black Crane Advisors Limited		
Black Crane Advisors Limited is a company controlled by Mr Peter Kennan which provided debt advisory services to Intelligent Monitoring Group Limited during the period.		
Underwriting and advisory services	1,750,000	-
Debt advisory services	-	65,000
Interest expense capitalised on Black Crane borrowings	-	349,542
	1,750,000	414,542

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2022 $'000	**Consolidated 2021 $'000**
Current borrowings:		
Non-current borrowings:		
Loan from borrowing - Black Crane (where Peter Kennan is also a key management personnel)	-	6,572,606

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except for the loan from Black Crane (refer to note 17 for details).

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Intelligent Monitoring Group Limited under option outstanding at the date of this report.

Shares under performance rights
Unissued ordinary shares of Intelligent Monitoring Group Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
03/12/2021	03/12/2024	$0.000	3,700,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Intelligent Monitoring Group Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Intelligent Monitoring Group Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

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

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

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

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

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the Company who are former partners of BDO Audit (WA) Pty Ltd.

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.

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

Dennison Hambling
Managing Director

30 September 2022

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF INTELLIGENT MONITORING GROUP LIMITED

As lead auditor of Intelligent Monitoring Group Limited for the year ended 30 June 2022, 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 Intelligent Monitoring Group Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue			
Revenue from contracts with customers	5	23,088	25,465
Cost of sales - operations		(13,708)	(14,911)
Cost of sales - depreciation and amortisation	7	(432)	(444)
Total cost of sales		(14,140)	(15,355)
Gross profit		8,948	10,110
Other income	6	4,729	242
Expenses			
Administration		(4,813)	(4,460)
Compliance and regulatory costs		(639)	(545)
Marketing and business development expenses		(69)	(139)
Marketing and business development - depreciation and amortisation	7	(5,810)	(7,598)
Marketing and business development - impairment of assets	7	-	(2,586)
Business acquisition and integration		(189)	(2,735)
Impairment of receivables		(310)	(93)
Share-based payments		(234)	-
Finance costs	7	(5,790)	(7,854)
Loss before income tax expense		(4,177)	(15,658)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Intelligent Monitoring Group Limited		(4,177)	(15,658)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Intelligent Monitoring Group Limited		(4,177)	(15,658)
		Cents	Cents
Basic earnings per share	33	(8.15)	(649.83)
Diluted earnings per share	33	(8.15)	(649.83)

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

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents		7,036	1,834
Trade and other receivables	9	2,879	1,974
Contract assets	10	190	680
Finished goods		59	106
Other	11	267	252
Total current assets		10,431	4,846
Non-current assets			
Property, plant and equipment	12	793	931
Right-of-use assets	13	453	335
Intangibles	14	28,942	28,807
Other	11	124	142
Total non-current assets		30,312	30,215
Total assets		40,743	35,061
Liabilities			
Current liabilities			
Trade and other payables	15	6,786	10,780
Contract liabilities	16	769	848
Borrowings	17	30,496	47,093
Lease liabilities	18	104	301
Income tax payable	8	62	-
Provisions	19	1,606	1,486
Total current liabilities		39,823	60,508
Non-current liabilities			
Borrowings	17	-	6,572
Lease liabilities	18	363	142
Provisions	19	109	75
Total non-current liabilities		472	6,789
Total liabilities		40,295	67,297
Net assets/(liabilities)		448	(32,236)
Equity			
Issued capital	20	76,006	39,379
Reserves	21	625	391
Accumulated losses		(76,183)	(72,006)
Total equity/(deficiency)		448	(32,236)

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

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2020	39,379	1,874	(57,831)	(16,578)
Loss after income tax expense for the year	-	-	(15,658)	(15,658)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(15,658)	(15,658)
Transactions with owners in their capacity as owners:				
Share options expired during the year	-	(1,483)	1,483	-
Balance at 30 June 2021	39,379	391	(72,006)	(32,236)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	39,379	391	(72,006)	(32,236)
Loss after income tax expense for the year	-	-	(4,177)	(4,177)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,177)	(4,177)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	36,627	-	-	36,627
Share-based payments (note 34)	-	234	-	234
Balance at 30 June 2022	76,006	625	(76,183)	448

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

	Note	Consolidated 2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		25,567	28,073
Payments to suppliers and employees (inclusive of GST)		(25,160)	(23,032)
		407	5,041
Interest received		3	2
Interest and other finance costs paid		(2,441)	(2,709)
Government grants received		-	160
Net cash from/(used in) operating activities	30	(2,031)	2,494
Cash flows from investing activities			
Payment for asset acquisition, net of cash acquired		(4,862)	-
Payments for financial assets		(15)	(180)
Payments for property, plant and equipment		(139)	(289)
Payments for intangibles		(1,482)	(2,201)
Proceeds from disposal of financial assets		-	128
Proceeds from disposal of property, plant and equipment		17	-
Net cash used in investing activities		(6,481)	(2,542)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	20	36,650	-
Proceeds from borrowings		-	287
Repayment of borrowings		(22,635)	(2,269)
Repayment of lease liabilities		(301)	(270)
Net cash from/(used in) financing activities		13,714	(2,252)
Net increase/(decrease) in cash and cash equivalents		5,202	(2,300)
Cash and cash equivalents at the beginning of the financial year		1,834	4,134
Cash and cash equivalents at the end of the financial year		7,036	1,834

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

Note 1. General information

The financial statements cover Intelligent Monitoring Group Limited ('Company' or 'parent entity') as a Group ('The Group' or 'Group') consisting of Intelligent Monitoring Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Intelligent Monitoring Group Limited's functional and presentation currency.

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

Level 1, 672 Murray Street
West Perth WA 6005

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. 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 or amended Accounting Standards and Interpretations adopted

The 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.

Going concern

For the year ended 30 June 2022, the Group recorded a loss before tax of $4,177,000 (2021: $15,658,000) and had net cash outflows from operating activities of $2,031,000 (2021: inflows of $2,494,000). As at 30 June 2022, the Group had a deficiency in working capital of $29,392,000 (2021: $55,662,000).

During the first half of the year the Company successfully completed a capital raise of $32 million, and entered into arrangements with its lenders to structure its debt facilities and revise its financial covenants. (See notes 17 and 20). Consequently, the Company has adequate working capital to meet its needs.

As disclosed in note 17, during the year, the Company breached covenants relating to its facility agreement with Ares SSG Capital Management (formerly known as Soliton Capital Partners Pty Ltd) resulting in the need to obtain a waiver for this breach subsequent to year end.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements. Repayment plans have also been entered into or are in the process of being negotiated for amounts owed to the Australian Taxation Office; Also, although the Group's borrowings of $30,496,000 as at 30 June 2022 is classified as current in the consolidated statement of financial position (in accordance with Australian Accounting Standards), only $3,000,000 is due and payable within the next 12 months;
- the Directors have an appropriate plan to raise additional funds as and when required. The Company has a track record of successfully securing additional funding as and when required from both the debt and equity capital markets; and
- the Directors expect the business to trade profitably and generate positive operating cash flow.

Accordingly, the Directors are satisfied that the going concern basis of preparation for the financial statements is appropriate.

Should the Group not achieve the outcomes outlined above, there may be a material uncertainty whether the Group can continue as a going concern, and therefore whether it would realise its assets and discharge its liabilities in the ordinary course of business and at amounts stated in the financial statements.

Note 2. Significant accounting policies (continued)

The financial statements do 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.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets 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 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 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intelligent Monitoring Group Limited as at 30 June 2022 and the results of all subsidiaries for the year ended.

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

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

Operating segments

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

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; 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.

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.

Nature of goods and services
The following is a description of the nature and timing of the satisfaction of performance obligations and significant payment terms of the principal activities from which the Group generates revenue:

(a) *Ongoing services*
Revenue for ongoing services, such as those provided by the Group for alarm monitoring or static guarding are contracted under either fixed term or ongoing service agreements. No other products or services are bundled in such contracts. Invoices are usually payable within 30 days and no element of financing is deemed present as the services are charged within standard credit terms which is consistent with industry practice. As such, revenue is recognised over time in line with AASB 15 principle with regard to the customer simultaneously receiving and consuming all of the benefits.

(b) *One-off services*
Revenue for ad hoc, one-off services, such as those provided by the Group for alarm system service and maintenance are contracted under short-term, low value service agreements which do not contain multiple deliverables or performance obligations. No other products or services are bundled in such contracts. Invoices are usually payable within 30 days and no element of financing is deemed present as the services are charged within standard credit terms which is consistent with industry practice. As such, revenue is recognised at a point in time when the service agreements is complete.

(c) *Equipment sales*
Revenue for equipment sales, is recognised when the customers obtain control of goods. This usually occurs when the goods are delivered. No other products or services are bundled in such contracts. Invoices are usually payable within 30 days and no element of financing is deemed present as the services are charged within standard credit terms which is consistent with industry practice.

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.

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

Note 2. Significant accounting policies (continued)

Government grants
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

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

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

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

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

Intelligent Monitoring Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated Group continue to account for their own current and deferred tax amounts. The tax consolidated Group has applied the 'separate taxpayer within Group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated Group.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

The 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.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

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 plant and equipment over their expected useful lives as follows:

Plant and equipment	1 to 15 years
Motor vehicles	3 to 8 years
Monitoring infrastructure	1 to 20 years

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 Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

Note 2. Significant accounting policies (continued)

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 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 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 - 5 years.

Intellectual property
Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 6 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 - 6 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group 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.

Note 2. Significant accounting policies (continued)

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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 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.

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

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

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

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

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

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

Note 2. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

Note 2. Significant accounting policies (continued)

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.

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 acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. To determine whether a set of activities and assets constitutes a business, the Group has the choice to apply a `concentration test', which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the Group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

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 and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

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 any non-controlling interest in the acquiree 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.

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 Intelligent Monitoring Group 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.

Note 2. Significant accounting policies (continued)

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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

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.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Amending accounting standards issued are not considered to have a significant impact on the financial statements of the Group as their amendments provide either clarification of existing accounting treatment or editorial amendments.

AASB 2020-1 Classification of liabilities as current or non-current
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2023, as extended by AASB 2020-6. Early adoption is permitted. This standard amends AASB 101 ‘Presentation of Financial Statements’ to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 3. Critical accounting judgements, estimates and assumptions

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The 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 the 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.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the Group where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets
The 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.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Consolidation of identifiable CGUs in monitoring segment
During the year the Group consolidated the Western Australia (WA) operations into South Australia (SA) and New South Wales (NSW), the Group has judged it to be appropriate to consolidate the identifiable CGUs accordingly into SA and NSW (Kingsgrove). (2021: WA, SA and NSW). Goodwill originally apportioned to the WA CGU was reallocated between South Australia and New South Wales CGUs, using an appropriate proportional method in accordance with AASB 136: Impairment of Assets. Other assets originally attributed to the WA CGU were reallocated to SA and NSW based on the final planned location of these assets. For further information regarding the reallocation of these assets, along with impairment testing performed prior to the reallocation, please see note 14 'Intangibles'.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The 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 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 assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and 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 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 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 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.

Capitalised development costs
Development costs have been capitalised as development assets in accordance with the accounting policy detailed in note 2. As at the reporting date management has assessed that all of the net capitalised development expenditure carried forward, comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

Asset concentration test
For the acquisition of Advanced Inland Security Pty Ltd during the reporting period, the Group has elected to apply the asset concentration test in determining whether a set of activities and assets constitutes a business for the purposes of applying the acquisition method of accounting under AASB 3 Business Combinations. This required judgement in assessing whether substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar identifiable assets.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates predominantly in the security services industry, providing security alarm monitoring and installations as well as security guarding services across Australia.

The Group has identified its operating segments based on the internal reports that are provided to the Board on a monthly basis that are used in determining the allocation of resources across the Group. Management has identified the operating segments of the Group based on the three distinctive types of services provided by the Group – security alarm and Video monitoring ('Monitoring'), security guarding and personnel services ('Protective services') and Alarm and Video installation and maintenance services ('Service').

Unless stated otherwise, all amounts reported to the Board, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Note 4. Operating segments (continued)

Intersegment transactions
An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event that the sale or services was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements. Corporate charges are recognised in 'All other segments' which contains the treasury and oversight functions of the Group.

Intersegment receivables, payables and loans
Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items
Any items noted below as "unallocated" are not allocated to operating segments as they are not considered part of the core operations of any segment in particular.

Major customers
There was no customer that contributed more than 10% of revenues (2021: none).

Operating segment information

Consolidated - 2022	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	20,406	2,324	358	23,088
Total revenue	20,406	2,324	358	23,088
Segment result	9,396	(36)	(412)	8,948
Other income including interest received				4,729
Administration expenses				(4,813)
Compliance and regulatory costs				(639)
Marketing and business development expenses				(69)
Marketing and business development -depreciation and amortisation				(5,810)
Business acquisition and integration				(189)
Impairment of receivables				(310)
Share-based payments				(234)
Finance costs				(5,790)
Loss before income tax expense				(4,177)
Income tax expense				-
Loss after income tax expense				(4,177)
Assets				
Segment assets	32,732	320	95	33,147
Unallocated assets				7,596
Total assets				40,743
Liabilities				
Segment liabilities	3,803	356	-	4,159
Unallocated liabilities				36,136
Total liabilities				40,295

Note 4. Operating segments (continued)

Consolidated - 2021	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	21,321	3,809	335	25,465
Total revenue	21,321	3,809	335	25,465
Segment result	9,697	580	(167)	10,110
Other income including interest received				242
Administration expenses				(4,460)
Compliance and regulatory costs				(545)
Marketing and business development expenses				(139)
Marketing and business development -depreciation and amortisation				(7,598)
Marketing and business development - impairment of assets				(2,586)
Business acquisition and integration costs				(2,735)
Impairment of receivables				(93)
Finance costs				(7,854)
Loss before income tax expense				(15,658)
Income tax expense				-
Loss after income tax expense				(15,658)
Assets				
Segment assets	31,922	495	-	32,417
Unallocated assets				2,644
Total assets				35,061
Liabilities				
Segment liabilities	4,863	451	-	5,314
Unallocated liabilities				61,983
Total liabilities				67,297

Note 5. Revenue

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

	Consolidated	
	2022 $'000	2021 $'000
Major product lines		
Ongoing services	22,259	24,383
One-off services	639	953
Equipment sales	190	129
	23,088	25,465
Geographical regions		
Australia	23,088	25,465
Timing of revenue recognition		
Goods and services transferred at a point in time	962	1,052
Services transferred over time	22,126	24,413
	23,088	25,465

Note 6. Other income

	Consolidated	
	2022 $'000	2021 $'000
Net gain on disposal of property, plant and equipment	11	-
Net gain on disposal of investments	-	33
Net gain on settlement of contingent consideration	91	28
Government grants	-	160
Debt forgiveness from First Samuel Limited (note 17)	3,856	-
Reversal of contingent consideration	765	-
Other income	6	21
Other income	4,729	242

Government grants
During the year the Group did not receive any payments from the Australian Government (2021: received payments of $160,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there was reasonable assurance that the Group had complied with any conditions attached.

Reversal of contingent consideration
A claim for contingent consideration and counter claims by the vendors of Onwatch, estimated at $892,000 at 30 June 2021, was settled without requiring payment other than costs. This resulted in $765,000 being released to the profit or loss account.

Note 7. Expenses

	Consolidated 2022 $'000	Consolidated 2021 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	348	272
Motor vehicles	-	8
Monitoring infrastructure	70	114
Buildings right-of-use assets	207	238
Total depreciation	625	632
Amortisation		
Development assets	137	1,053
Intellectual property	2	2
Customer contracts	5,478	6,355
Total amortisation	5,617	7,410
Total depreciation and amortisation	6,242	8,042
Impairment		
Goodwill (note 14)	-	2,444
Plant and equipment (note 12)	-	103
Buildings right-of-use assets (note 13)	-	39
Total impairment	-	2,586
Finance costs		
Interest and finance charges paid/payable on borrowings	5,763	7,812
Interest and finance charges paid/payable on lease liabilities	27	42
Finance costs expensed	5,790	7,854
Leases		
Low-value assets lease payments	6	6
Superannuation expense		
Superannuation contribution expense	827	803
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	9,819	9,164

Note 8. Income tax

	Consolidated	
	2022 $'000	2021 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,177)	(15,658)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,044)	(4,071)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deductible equity raising costs	(26)	(32)
Non-deductible expenses	91	241
Non-assessable income	(191)	(42)
Impairment of assets	-	635
	(1,170)	(3,269)
Current year tax losses not recognised	1,424	914
Prior year temporary differences not recognised now recognised	(254)	-
Derecognition of previously recognised tax losses	-	2,255
Derecognition of previously recognised equity costs	-	100
Income tax expense	-	-

	Consolidated	
	2022 $'000	2021 $'000
Tax losses not recognised		
Unused revenue and capital losses for which no deferred tax asset has been recognised	17,181	18,197
Potential tax benefit @ 25%	4,295	4,549

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The corporate tax rate applicable to base rate entities reduces from 26% to 25% for the 2021-22 income year and then remains at 25% in future years. The Company qualifies as a base rate entity as it has a turnover of less than $50 million and less than 80% of its assessable income is derived from base rate entity passive income. The Company has remeasured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on the effective tax rate that is expected to apply in the year the temporary differences are expected to reverse or benefits from tax losses realised. The impact of the change in tax rate on deferred tax balances has been recognised as tax expense in profit or loss or as an adjustment to equity to the extent to which the deferred tax relates to items previously recognised outside profit or loss.

	Consolidated	
	2022 $'000	2021 $'000
Provision for income tax		
Provision for income tax	62	-

Note 9. Trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Trade receivables	3,059	2,227
Less: Allowance for expected credit losses	(636)	(475)
	2,423	1,752
Other receivables	456	222
	2,879	1,974

Allowance for expected credit losses

The Group has recognised a net loss of $310,000 (2021: $93,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2022 %	2021 %	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not overdue	0.4%	0.5%	1,201	818	5	4
0 to 90 days overdue	1.1%	0.9%	830	670	9	6
90 to 180 days overdue	15.0%	11.4%	289	203	43	23
180 to 365 days overdue	55.8%	50.0%	355	189	198	95
365 days overdue	99.2%	100.0%	384	347	381	347
			3,059	2,227	636	475

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening balance	475	474
Additions through business combinations	89	-
Movements in provision	72	1
Closing balance	636	475

Note 10. Contract assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Contract assets	190	680

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

	2022 $'000	2021 $'000
Opening balance	680	316
Additions	190	680
Transfer to trade receivables	(680)	(316)
Closing balance	190	680

Note 11. Other

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Prepayments	225	226
Security deposits	42	26
	267	252
Non-current assets		
Prepayments	124	142

Note 12. Property, plant and equipment

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Plant and equipment - at cost	2,145	1,600
Less: Accumulated depreciation	(1,557)	(841)
Less: Impairment	(26)	(26)
	562	733
Motor vehicles - at cost	319	123
Less: Accumulated depreciation	(218)	(123)
	101	-
Monitoring infrastructure - at cost	1,320	1,317
Less: Accumulated depreciation	(1,087)	(1,016)
Less: Impairment	(103)	(103)
	130	198
	793	931

Note 12. Property, plant and equipment (continued)

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

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Monitoring infrastructure $'000	Total $'000
Balance at 1 July 2020	586	8	365	959
Additions	423	-	51	474
Disposals	(4)	-	(1)	(5)
Impairment of assets (note 7)	-	-	(103)	(103)
Depreciation expense	(272)	(8)	(114)	(394)
Balance at 30 June 2021	733	-	198	931
Additions	134	-	5	139
Asset acquisition (note 28)	43	101	-	144
Disposals	-	-	(3)	(3)
Depreciation expense	(348)	-	(70)	(418)
Balance at 30 June 2022	562	101	130	793

During the previous financial period, property, plant and equipment relating to the WA cash generating unit ('CGU') was impaired by $103,000 as a result of constructive plans being made to restructure the Group's operations. Please refer to note 14, impairment of assets, for further details relating to the restructure.

Note 13. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Buildings - right-of-use	1,628	1,303
Less: Accumulated depreciation	(1,136)	(929)
Less: Impairment	(39)	(39)
	453	335

The Group leases buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than 2 years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

For impairment testing, the right-of-use assets have been allocated to the monitoring cash-generating units. Refer to note 14 for further information on the impairment testing key assumptions.

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

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

Consolidated	Buildings $'000
Balance at 1 July 2020	291
Additions	321
Impairment of assets (note 7)	(39)
Depreciation expense	(238)
Balance at 30 June 2021	335
Additions	325
Depreciation expense	(207)
Balance at 30 June 2022	453

For other lease related disclosures, refer to:
- note 7 for interest paid on lease liabilities and expense relating to short-term leases;
- note 18 for lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

During the previous financial period, right-of-use assets relating to the WA cash generating unit ('CGU') were impaired by $39,000 as a result of constructive plans being made to restructure the Group's operations. Please refer to note 14, impairment of assets, for further details relating to the restructure.

Note 14. Intangibles

	Consolidated	
	2022 $'000	2021 $'000
Non-current assets		
Goodwill - at cost	34,598	34,598
Less: Accumulated impairment	(25,432)	(25,432)
	9,166	9,166
Development assets - at cost	6,361	6,272
Less: Accumulated amortisation	(4,094)	(3,957)
Less: Impairment	(1,702)	(1,702)
	565	613
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(11)	(9)
	12	14
Customer contracts - at cost	47,208	41,545
Less: Accumulated amortisation	(27,181)	(21,703)
Less: Accumulated impairment	(828)	(828)
	19,199	19,014
	28,942	28,807

Note 14. Intangibles (continued)

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

Consolidated	Goodwill $'000	Development assets $'000	Intellectual property $'000	Customer contracts $'000	Total $'000
Balance at 1 July 2020	11,610	944	16	23,589	36,159
Additions	-	722	-	1,780	2,502
Impairment of assets	(2,444)	-	-	-	(2,444)
Amortisation expense	-	(1,053)	(2)	(6,355)	(7,410)
Balance at 30 June 2021	9,166	613	14	19,014	28,807
Additions	-	89	-	583	672
Additions through acquisitions (note 28)	-	-	-	5,080	5,080
Amortisation expense	-	(137)	(2)	(5,478)	(5,617)
Balance at 30 June 2022	9,166	565	12	19,199	28,942

Impairment testing
In the prior year the Group consolidated the Western Australia (WA) operations into South Australia (SA) and New South Wales (NSW). The Group has judged it to be appropriate to consolidate the identifiable CGUs accordingly into SA and NSW (Kingsgrove). (2021: WA, SA and NSW). The recoverable amount of the Group’s goodwill was determined by a value-in-use calculation using a discounted cashflow model, based on a four year projection period approved by management, adjusted for the restructure and extrapolated for a further year using a steady growth rate which has also been used to determine the terminal value.

Key assumptions are those assumptions to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the discounted cash flow models for each CGU for this impairment assessment:

	Projected revenue growth rate 2022 %	Projected revenue growth rate 2021 %	Net margin 2022 %	Net margin 2021 %	Pre-tax discount rate 2022 %	Pre-tax discount rate 2021 %	Terminal growth rate 2022 %	Terminal growth rate 2021 %
Monitoring:								
WA	-	(0.4%)	-	22.6%	-	12.3%	-	0.7%
SA	3.7%	(0.9%)	24.0%	21.7%	16.3%	12.3%	0.7%	0.7%
NSW	1.6%	0.3%	29.2%	22.9%	16.3%	12.3%	0.7%	0.7%

Note 14. Intangibles (continued)

Assumption	Approach used to determine values
Projected revenue growth rate	Management believes the projected revenue growth rate is prudent and justified, based on the expected industry, efficiencies of consolidation, acquisitions and organic growth. Estimated potential future impacts of COVID-19 have been considered within the forecast of revenue growth.
Net margin	The net margin for the SA monitoring CGU is above the prior year net margin for the CGU as a result of higher revenues and cost saving initiatives from the restructuring process. The net margin for the NSW monitoring CGU is above the prior year net margin for the CGU as a result of higher revenues and cost saving initiatives from the restructuring process.
Pre-tax discount rate	Pre-tax discount rate reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the specific CGU, the risk free rate and the volatility of the share price relative to market movements.
Terminal growth rate	The terminal growth rate is considered prudent and is justified as in line with the expected long-term industry growth.

	Consolidated	
	2022 $'000	2021 $'000
Monitoring:		
WA	-	3,927
SA	1,170	775
NSW	7,996	4,464
	9,166	9,166

Sensitivity
As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
- revenue growth would need to decrease by more than 12.2% for SA CGU and 1.1% for NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant;
- the pre-tax discount rate would be required to increase by 11.4% for SA CGU and 1.1% for NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant;
- net margin would need to decrease by more than 9.6% for SA CGU and 1.9% for NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant; and
- terminal growth rate would need to decrease by more than 30.2% for SA CGU and 1.8% for NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant.

Note 15. Trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Trade payables	462	1,416
Contingent consideration	-	1,211
Accrued expenses	853	1,005
Payable to ATO	4,723	5,701
Other payables	748	1,447
	6,786	10,780

Refer to note 22 for further information on financial instruments.

Refer to for further information on contingent consideration.

Note 16. Contract liabilities

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Contract liabilities	769	848

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	848	910
Transfer to revenue - included in the opening balance	(848)	(910)
Transfer to revenue - other balances	769	848
Closing balance	769	848

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $769,000 as at 30 June 2022 ($848,000 as at 30 June 2021) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2022 $'000	2021 $'000
Within 6 months	725	799
6 to 12 months	44	49
	769	848

Note 17. Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Unsecured note - First Samuel Limited	-	9,400
Other short-term borrowings	123	95
Borrowings - Ares SSG Capital Management (formerly known as Soliton Capital Partners)	27,278	34,572
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	3,095	2,986
Hire purchase	-	40
	30,496	47,093
Non-current liabilities		
Borrowings - Black Crane	-	6,974
Capitalised borrowing costs - Black Crane	-	(402)
	-	6,572

Refer to note 22 for further information on financial instruments.

Total secured liabilities
Following an equity raising of $32,047,000, the Company subsequently restructured its debt obligations as outlined below:

Unsecured note - First Samuel Limited
During the current year, $5,700,000 of the unsecured note was repaid and the balance of the loan and accrued interest remaining amounting to $3,856,000 was forgiven and recognised as a gain in other income.

Borrowings - Ares SSG Capital Management
The covenants were redefined with the financiers during the capital raise and subsequent debt restructure in the first half of the year.

$7,735,958 was repaid to Ares SSG Capital Management and a 15% repayment premium amounting to $1,160,394 was paid in accordance with the terms of the agreement. The maturity date of the loan was extended to 30 September 2023.

Interest charged on the loan is 10.618% and a further 15% repayment premium is payable on payment of the principal loan balance. Borrowings to Ares SSG Capital Management are secured over the general property of the Group.

During the year, the Company breached covenants relating to its facility agreement with Ares SSG Capital Management resulting in the need to obtain a waiver for this breach subsequent to year end. AASB 101.74 requires the entire amount of the loan to be classified as current at 30 June 2022. As at the date of this report only $3,000,000 is due and payable in the next twelve months.

Borrowings - Black Crane
In October 2021, the Black Crane debt of $7,075,268 was converted to equity by way of issuing ordinary shares as part of the capital raising.

The Group has fully utilised its borrowings facilities at reporting date.

Note 17. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit. The Group has fully utilised its borrowings facilities at reporting date.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Total facilities		
Other short-term borrowings	123	95
Borrowings - Soliton	27,278	34,572
Hire purchase	-	40
Unsecured note - First Samuel	-	9,400
Borrowings - Black Crane	-	6,974
	27,401	51,081
Used at the reporting date		
Other short-term borrowings	123	95
Borrowings - Soliton	27,278	34,572
Hire purchase	-	40
Unsecured note - First Samuel	-	9,400
Borrowings - Black Crane	-	6,974
	27,401	51,081
Unused at the reporting date		
Other short-term borrowings	-	-
Borrowings - Soliton	-	-
Hire purchase	-	-
Unsecured note - First Samuel	-	-
Borrowings - Black Crane	-	-
	-	-

Note 18. Lease liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Lease liability	104	301
Non-current liabilities		
Lease liability	363	142

Refer to note 22 for information on the maturity analysis of lease liabilities.

Note 19. Provisions

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Employee benefits provision	1,469	1,220
Restructuring provision	137	266
	1,606	1,486
Non-current liabilities		
Employee benefits provision	109	75

Restructuring
The provision represents the estimated costs to sell or terminate a line of business, close or relocate a business location, change the management structure or other fundamental reorganisations that has a material effect on the Group. The provision is recognised once the detailed restructuring plan has been drawn up by management and communicated to the public and those affected by the plans.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2022	Restructuring $'000
Carrying amount at the start of the year	266
Amounts used	(129)
Carrying amount at the end of the year	137

Note 20. Issued capital

	Consolidated 2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	122,700,295	240,956,278	76,006	39,379

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2020	240,956,278		39,379
Balance	30 June 2021	240,956,278		39,379
Shares issued	27 September 2021	36,143,441	$0.005	181
Shares issued	1 October 2021	3,002,833,701	$0.005	15,014
Shares issued	28 October 2021	3,370,459,836	$0.005	16,852
Share consolidation at 100:1	3 December 2021	(6,583,889,089)		-
Shares issued	31 May 2022	33,463,155	$0.150	4,848
Shares issued	22 June 2022	22,732,973	$0.150	2,959
Transaction costs				(3,227)
Balance	30 June 2022	122,700,295		76,006

Note 20. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

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

Capital risk management
The 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

Note 21. Reserves

	Consolidated	
	2022 $'000	2021 $'000
Share-based payments reserve	625	391

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 21. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $'000
Balance at 1 July 2020	1,874
Share options expired during the year	(1,483)
Balance at 30 June 2021	391
Share-based payment expense	234
Balance at 30 June 2022	625

Note 22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and equity price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2022		2021	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Loans*	10.75%	27,278	9.10%	50,946
Net exposure to cash flow interest rate risk		27,278		50,946

* Excludes capitalised borrowing costs

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Note 22. Financial instruments (continued)

For the Group the loans outstanding, totalling $27,278,000 (2021: $50,946,000), are principal and interest payment loans. Quarterly cash outlays of approximately $575,000 per quarter are required to service the interest payments. An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $273,000 (2021: $509,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $3,000,000 are due during the year ending 30 June 2023.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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

Liquidity risk

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

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

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	462	-	-	-	462
Other payables	-	748	-	-	-	748
Interest-bearing - variable						
Ares SSG borrowings	10.78%	27,278	-	-	-	27,278
Lease liability	9.00%	104	107	256	-	467
Interest-bearing - fixed rate						
Short term borrowings	-	123	-	-	-	123
Total non-derivatives		28,715	107	256	-	29,078

Note 22. Financial instruments (continued)

Consolidated - 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,416	-	-	-	1,416
Contingent consideration	-	1,211	-	-	-	1,211
Other payables	-	1,447	-	-	-	1,447
Interest-bearing - variable						
Soliton borrowings	10.59%	34,572	-	-	-	34,572
First Samuel unsecured notes	6.52%	9,400	-	-	-	9,400
Black Crane Asia Fund	5.00%	-	6,974	-	-	6,974
Hire purchase	-	40	-	-	-	40
Lease liability	9.00%	301	59	83	-	443
Interest-bearing - fixed rate						
Short term borrowings	-	95	-	-	-	95
Total non-derivatives		48,482	7,033	83	-	55,598

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	845,465	850,588
Post-employment benefits	65,639	60,184
Termination benefits	16,595	-
Share-based payments	111,000	-
	1,038,699	910,772

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company:

	Consolidated	
	2022 $	2021 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	157,015	128,828
Other services		
R&D tax incentive purposes (BDO Corporate Tax (WA) Pty Ltd)	-	8,551
	157,015	137,379

Note 25. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 and 30 June 2021.

The Group has given bank guarantees as at 30 June 2022 of $nil (2021: $nil) to Westpac as a contractual requirement relating to one of customer contracts.

Note 26. Related party transactions

Parent entity
Intelligent Monitoring Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties
A total of $1,750,000 was paid to Black Crane, a related party of the Company by virtue of it being controlled by Director Peter Kennan, in relation to advisory services in respect of the structuring and execution of the September 2021 capital raise ($600,000) and Black Crane's sub-underwriting commitments for the 2021 and 2022 capital raises ($1,150,00).

The following transactions occurred with related parties:

	Consolidated	
	2022 $	2021 $
Goods and services:		
Sale of services to key management personnel	840	924
Employment of spouses and children of key management personnel(Group expense):		
Payment for services from child of key management personnel	22,949	4,373
Payment for other expenses:		
Black Crane Advisors Limited is a company controlled by Mr Peter Kennan which provided debt advisory services to Intelligent Monitoring Group Limited during the period.	-	65,000
Black Crane Advisors Limited is a company controlled by Mr Peter Kennan which provided underwriting and advisory services to Intelligent Monitoring Group Limited during the period.	1,750,000	-
Interest expense capitalised on Black Crane borrowings	-	349,542

Note 26. Related party transactions (continued)

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2022 $	Consolidated 2021 $
Current borrowings:		
Loan from borrowing - Black Crane (where Peter Kennan is also a KMP)	-	6,973,708

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except for the loan from Black Crane (refer to note 17 for details).

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2022 $'000	Parent 2021 $'000
Profit/(loss) after income tax	604	(14,173)
Total comprehensive loss	604	(14,173)

Statement of financial position

	Parent 2022 $'000	Parent 2021 $'000
Total current assets	3,492	1,287
Total assets	31,914	22,771
Total current liabilities	4,939	48,394
Total liabilities	31,467	55,006
Equity		
Issued capital	119,039	87,195
Share-based payments reserve	694	460
Accumulated losses	(119,286)	(119,890)
Total equity/(deficiency)	447	(32,235)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Note 27. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Asset acquisition

Advanced Inland Security Pty Ltd ('AIS')
On 30 June 2022, Intelligent Monitoring Group Limited ('IMG') acquired 100% of the ordinary shares of Advanced Inland Security Pty Ltd ('AIS') for the consideration $5,000,000. In accordance with the requirements of AASB 3 Business Combinations in relation to the 'concentration test', the transaction has been accounted for as an asset acquisition since substantially all of the fair value of the gross assets acquired is concentrated in the customer contracts.

Details of the acquisition are as follows:

	Fair value $'000
Current assets:	
Cash and cash equivalents	138
Trade and other receivables	570
Inventories	17
Non-current assets:	
Plant and equipment	144
Customer contracts	5,080
Current liabilities:	
Trade and other payables	(461)
Borrowings	(60)
Provision for income tax	(62)
Employee benefits	(366)
Acquisition-date fair value of the total consideration transferred	5,000
Representing:	
Cash paid or payable to vendor	5,000
Cash used to acquire asset, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,000
Less: cash and cash equivalents	(138)
Net cash used	4,862

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Threat Protect Group Pty Ltd	Australia	100%	100%
Threat Protect Security Services Pty Ltd	Australia	100%	100%
Chipla Holdings Pty Ltd	Australia	100%	100%
VIP Security Industries Pty Ltd	Australia	100%	100%
AVMC (Aust) Pty Ltd	Australia	100%	100%
Security Alarm Monitoring Service Pty Ltd	Australia	100%	100%
Onwatch Pty Ltd	Australia	100%	100%
Advanced Inland Security Pty Ltd	Australia	100%	-
Seekers Security & Management Pty Ltd **	Australia	100%	100%
Alpha Alarms Pty Ltd **	Australia	100%	100%
Alarm Monitoring Pty Ltd *	Australia	100%	100%

* Deregistered on 30 August 2021
** Deregistered on 9 September 2022

Note 30. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Loss after income tax expense for the year	(4,177)	(15,658)
Adjustments for:		
Depreciation and amortisation	6,269	8,042
Impairment of assets	-	2,586
Impairment/(recovery) of receivables	310	93
Non-cash other income	(104)	(61)
Debt forgiveness from First Samuel Limited	(3,856)	-
Borrowing costs capitalised	1,834	2,826
Interest capitalised to borrowings	1,488	2,328
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(316)	721
Decrease/(increase) in finished goods	44	(71)
Decrease in prepayments	18	218
Increase/(decrease) in trade and other payables	(3,694)	1,402
Increase in other provisions	153	68
Net cash from/(used in) operating activities	(2,031)	2,494

Note 31. Non-cash investing and financing activities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Additions to the right-of-use assets	325	321
Shares issued on conversion of loan	7,075	-
	7,400	321

Note 32. Changes in liabilities arising from financing activities

Consolidated	Short term borrowings $'000	Long term borrowings $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2020	8,216	42,277	390	50,883
Net cash used in financing activities	(1,982)	-	(270)	(2,252)
Conversion of notes from non-current to current	36,296	(36,296)	-	-
Acquisition of leases	-	-	323	323
Interest capitalised	1,737	591	-	2,328
Movement in borrowing costs	2,826	-	-	2,826
Balance at 30 June 2021	47,093	6,572	443	54,108
Net cash used in financing activities	(12,741)	(6,572)	(301)	(19,614)
Debt forgiveness	(3,856)	-	-	(3,856)
Acquisition of leases	-	-	325	325
Balance at 30 June 2022	30,496	-	467	30,963

Note 33. Earnings per share

	Consolidated 2022 $'000	Consolidated 2021 $'000
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(4,177)	(15,658)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	51,262,134	2,409,563
Weighted average number of ordinary shares used in calculating diluted earnings per share	51,262,134	2,409,563
	Cents	**Cents**
Basic earnings per share	(8.15)	(649.83)
Diluted earnings per share	(8.15)	(649.83)

Options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares for 2021 has been restated for the effect of the 100:1 consolidation completed in December 2021 in accordance with AASB 133 'Earnings per share'.

Note 33. Earnings per share (continued)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	240,956,278
Adjustment required by AASB 133 'Earnings per share'	(238,546,715)
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	2,409,563

On 4 July 2022, the Group issued 8,000,000 shares as part of the consideration for the acquisition of Mammoth Technology Group Pty Ltd. These shares could potentially dilute basic earnings per share.

Note 34. Share-based payments

Performance rights
During the period, the Company issued 3 tranches of performance rights to its employees; the CEO, John Hallam and Executive Director, Dennison Hambling, following approval from shareholders at the Company's AGM held on 3 December 2021. These rights were independently valued at $1,203,900 and will be expensed over the vesting period. 1,850,000 performance rights were issued to each of the two employees.

The rights were valued independently using a hybrid up-and-in trinomial option pricing model with a Parisian barrier adjustment. The model takes into consideration that the rights may vest at any time throughout the performance period, given that the 20-day volume-weighted average price ('VWAP') of the Company's share exceed the respective VWAP barrier for each of the Tranche 1, Tranche 2, and Tranche 3 rights.

Key vesting conditions of the rights are as follows:

Tranche 1	Achieving an increase of 20% to the Company's capital raising offer price, being $0.005, based on the VWAP over 20 consecutive trading days.
Tranche 2	Achieving an increase of 50% to the Company's capital raising offer price, being $0.005, based on the VWAP over 20 consecutive trading days.
Tranche 3	Achieving an increase of 100% to the Company's capital raising offer price, being $0.005, based on the VWAP over 20 consecutive trading days.

The share-based payment expense during the financial year was $234,000 (2021: reversal of $1,483,000).

Set out below are summaries of performance rights granted under the plan:

	Number of rights 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	-	$0.000
Granted	3,700,000	$0.000
Outstanding at the end of the financial year	3,700,000	$0.000
Exercisable at the end of the financial year	-	$0.000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.5 years.

Note 34. Share-based payments (continued)

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/12/2021	03/12/2024	$0.005	$0.000	75.00%	-	0.35%	$0.004
03/12/2021	03/12/2024	$0.005	$0.000	75.00%	-	0.35%	$0.003
03/12/2021	03/12/2024	$0.005	$0.000	75.00%	-	0.35%	$0.003

Note 35. Events after the reporting period

On 4 July 2022 the Group completed the acquisition of Mammoth Technology Group Pty Ltd. The consideration paid included the issue of 8,000,000 shares, on 4 July 2022, at 25 cents per share amounting to $2,000,000 plus a cash payment of $2,000,000 on 1 September 2022. The cash payment was funded by the capital raise as announced on the ASX on 24 May 2022. Following the completion of the acquisition Robert Hilton (former owner of Mammoth Technology Group Pty Ltd) was appointed as an Executive Director (on 5 July 2022) of the Group. Robert Hilton is also eligible to receive 5,000,000 performance rights, subject to shareholder approval at the next AGM. The acquisition gives the Group more scale but more importantly the ability to execute on its connected camera strategy immediately.

Effective from 5 July 2022 the Company announced the appointments of Dennison Hambling as Managing Director and Robert Hilton as Executive Director. Also announced was the appointment of Roy Kelly as Chief Financial Officer effective from 1 July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

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

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

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

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

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

On behalf of the directors

____
Dennison Hambling
Managing Director

30 September 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Intelligent Monitoring Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Intelligent Monitoring Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 2 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.

Key audit matters

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

Recoverability of Intangible assets

Key audit matter	*How the matter was addressed in our audit*
Note 14 of the financial report discloses the individual intangible assets and the assumptions used by the Group in testing these assets for impairment. As required by the Australian Accounting Standards, the Group performs an annual impairment test for each Cash Generating Unit ('CGU') to which goodwill and other intangible assets have been allocated, to determine whether the recoverable amount is below the carrying amount as at 30 June 2022. This was determined to be a key audit matter as management's assessment of the recoverability of the intangible asset is supported by a value in use cash flow forecast which requires estimates and judgements about future performance. These include judgements and estimates over the expectation of future revenues, anticipated gross profit margin, growth rates expected and the discount rate applied as disclosed in Note 3 and Note 14 of the financial report.	Our procedures included, but were not limited to the following: • Evaluating the appropriateness of the Group's categorisation of CGUs and the allocation of goodwill and assets to the carrying value of CGUs based on our understanding of the Group's business; • Challenging key inputs used in management's impairment assessment including the following: - In conjunction with our valuation specialists, comparing the discount rate utilised by management to an independently calculated discount rate; - Comparing growth rates with historical data and economic and industry growth forecasts; - Assessing the Group's forecast cash flows is consistent with our knowledge of the business, board approved budget and corroborating our work with external information where possible; and • Assessing the adequacy of related disclosures in Note 3 and Note 14 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the 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 ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 14 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Intelligent Monitoring Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth

30 September 2022

The shareholder information set out below was applicable as at 16 September 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares Number of holders	Ordinary shares % of total shares issued
1 to 1,000	331	0.06
1,001 to 5,000	106	0.20
5,001 to 10,000	47	0.30
10,001 to 100,000	249	8.60
100,001 and over	78	90.84
	811	100.00
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
Citicorp Nominees Pty Limited	84,881,832	64.92
Mammoth Innovation Pty Ltd	8,000,000	6.12
Mr Kenneth Joseph Hall (Hall Park A/C)	4,000,000	3.06
First Samuel Ltd ACN 086243567 (anf its MDA Clients A/C)	1,902,428	1.45
MMS1 Pty Ltd (Shall & Hall P/Ship A/C)	1,107,763	0.85
Sandhurst Trustees Ltd (Equit Inv Dragonfly A/C)	1,003,363	0.77
Orpheo Investments Pty Ltd (Orpheo Investment A/C)	1,000,000	0.76
Patner Pty Ltd	883,125	0.68
Mr Darryl Leonard Goode + Mrs Lynette Evelyn Goode (The Goode Super Fund A/C)	700,000	0.54
6466 Investments Pty Ltd	633,459	0.48
Mammoth Superannuation Pty Ltd (Mammoth Super Fund A/C)	549,667	0.42
Raliconn Pty Limited (Raliconn Super Fund A/C)	484,066	0.37
Navigator Australia Ltd (MLC Investment Sett A/C)	440,000	0.34
Bond Street Custodians Limited (Michbi - D80623 A/C)	439,636	0.34
Annecy Capital Partners Pty Ltd	400,000	0.31
Bond Street Custodians Limited (Michbi - D09214 A/C)	400,000	0.31
Vivre Investments Pty Ltd	400,000	0.31
Mr Christopher Stuart King	375,000	0.29
Naley Pty Ltd	333,459	0.26
Mrs Marika Jane Dowdeswell (Lake St Discretionary A/C)	311,852	0.24
	108,245,650	82.82

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares	3,700,000	2

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Black Crane Asia Pacific Opportunities Fund - Peter Kennan	80,124,820	61.31
Mammoth Innovations Pty Ltd - Robert Hilton	8,000,000	6.12

Voting rights

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

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

There are no other classes of equity securities.