Intelligent Monitoring Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Intelligent Monitoring Group Limited
ABN:	36 060 774 227
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	increased by	30.4%	to	15,883
Loss from ordinary activities after tax attributable to the owners of Intelligent Monitoring Group Limited	increased by	732.9%	to	(4,581)
Loss for the half-year attributable to the owners of Intelligent Monitoring Group Limited	increased by	732.9%	to	(4,581)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $4,581,000 (31 December 2021: $550,000).

For further details refer to 'HY23 Half-Year Report and Commentary' that follows this Appendix 4D.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(24.25)	(45.19)

Right-of-use assets have not been treated as intangible assets for the purposes of the tangible asset calculation.

4. Control gained over entities

Name of entities (or group of entities)	Mammoth Technology Group Pty Ltd
Date control gained	4 July 2022

Refer to note 14 for further details.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

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8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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9. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The auditor's review report contains a paragraph addressing material uncertainty related to going concern.

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10. Attachments

Details of attachments (if any):

The Half-Year Report of Intelligent Monitoring Group Limited for the half-year ended 31 December 2022 is attached.

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11. Signed

As authorised by the Board of Directors

Signed ___________________________ Date: 27 February 2023

Dennison Hambling
Deputy Chairman and Executive Director

Intelligent Monitoring Group Limited

ABN 36 060 774 227

Half-Year Report - 31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as '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 half year ended 31 December 2022.

Directors

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

Peter Kennan	Non-Executive Chairman
Dennison Hambling	Deputy Chairman and Executive Director
Robert Hilton	Executive Director (appointed 5 July 2022)
Jason Elks	Non-Executive Director (appointed 1 December 2022)
Dimitri Bacopanos	Non-Executive Director (resigned on 14 November 2022)

Principal activities

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

Review of operations

Revenue from ordinary activities amounted to $15,883,000 (31 December 2021: $12,181,000). The increase on the comparative period benefited from the contribution of Advanced Inland Security and core monitoring and services revenues partly offset by lower guarding contracted 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	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Loss before income tax benefit	(4,580)	(550)
Finance costs	2,895	3,647
Depreciation and amortisation in cost of sales	73	145
Depreciation and amortisation expense	3,368	2,894
EBITDA	1,756	6,136
Adjustments		
Impairment of receivables	224	131
Business acquisition and integration costs	-	139
Other income	(54)	(4,682)
Adjusted EBITDA	1,926	1,724

Focus on organic growth and business improvement activities has improved the operating performance of the Group. Gross Margin for the period increased by 37% to $6,228,000 with Adjusted EBITDA lifting 12% to $1,926,000. Newly acquired Mammoth Technology Group Pty Ltd ('Mammoth') incurred a loss of $724,000. Excluding Mammoth Adjusted EBITDA rose by 54% to $2,650,000.

The loss for the Group after providing for income tax amounted to $4,581,000 (31 December 2021: $550,000). This loss was reduced by the one-off extraordinary income of $4,621,000. This includes non-cash depreciation and amortisation charges of $3,441,000 and non-cash interest and finance charges of $1,643,000. Depreciation for the group was $371,000 and reflects the capital light nature of the business. $116,000 was spent on property, plant and equipment in the period, further highlighting the low capital intensity.

Net cash outflows resulting from operating activities amounted to $900,000 (31 December 2021: net cash outfows of $1,623,000) an improvement of $723,000, mainly from increased monitoring and services gross profit contributed by Advanced Inland Security partly offset by lower guarding contracted revenue. The net cash inflows resulting from operating activities, excluding the ATO payment plans, amounted to $185,000 (31 December 2021: net cash outflows of $955,000) an improvement of $1,140,000. Investment activities amounted to $2,567,000 (31 December 2021: $759,000) which mainly includes the acquisition of Mammoth.

With the debt facility now due within 12 months, 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.

Significant changes in the state of affairs

On 4 July 2022, the Group acquired 100% of the ordinary shares of Mammoth Technology Group Pty Ltd an Australian private company. The acquisition gives the Group more scale but more importantly the ability to immediately execute on its connected camera strategy. Refer to note 14 for further information.

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

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Dennison Hambling
Deputy Chairman and Executive Director

27 February 2023

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DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE TO
THE DIRECTORS OF INTELLIGENT MONITORING GROUP LIMITED

As lead auditor for the review of Intelligent Monitoring Group Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Intelligent Monitoring Group Limited and the entities it controlled during the period.

Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 27 February 2023

Intelligent Monitoring Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 $'000	Consolidated 31 Dec 2021 $'000
Revenue			
Revenue from contracts with customers	4	15,883	12,181
Cost of sales - operations		(9,582)	(7,501)
Cost of sales - depreciation and amortisation		(73)	(145)
Total cost of sales		(9,655)	(7,646)
Gross profit		6,228	4,535
Other income including interest received	5	54	4,682
Expenses			
Administration		(3,822)	(2,212)
Compliance and regulatory costs		(376)	(514)
Marketing and business development expenses		(186)	(197)
Depreciation and amortisation		(3,368)	(2,894)
Business acquisition and integration		-	(139)
Impairment of receivables		(224)	(131)
Share-based payments reversal/(expense)	16	9	(33)
Finance costs	6	(2,895)	(3,647)
Loss before income tax expense		(4,580)	(550)
Income tax expense		(1)	-
Loss after income tax expense for the half-year attributable to the owners of Intelligent Monitoring Group Limited		(4,581)	(550)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Intelligent Monitoring Group Limited		(4,581)	(550)
		Cents	**Cents**
Basic earnings per share	15	(3.51)	(1.86)
Diluted earnings per share	15	(3.51)	(1.86)

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

	Note	Consolidated 31 Dec 2022 $'000	Consolidated 30 Jun 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		2,736	7,036
Trade and other receivables	7	3,369	2,879
Contract assets		61	190
Finished goods		915	59
Other		547	267
Total current assets		7,628	10,431
Non-current assets			
Property, plant and equipment		1,092	793
Right-of-use assets		856	453
Intangibles	8	28,724	28,942
Other		110	124
Total non-current assets		30,782	30,312
Total assets		38,410	40,743
Liabilities			
Current liabilities			
Trade and other payables	9	6,697	6,786
Contract liabilities		618	769
Borrowings	10	31,637	30,496
Lease liabilities		248	104
Income tax payable		-	62
Provisions		1,430	1,606
Total current liabilities		40,630	39,823
Non-current liabilities			
Lease liabilities		633	363
Provisions		137	109
Total non-current liabilities		770	472
Total liabilities		41,400	40,295
Net assets/(liabilities)		(2,990)	448
Equity			
Issued capital	11	76,562	76,006
Reserves		1,212	625
Accumulated losses		(80,764)	(76,183)
Total equity/(deficiency)		(2,990)	448

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2021	39,379	391	(72,006)	(32,236)
Loss after income tax expense for the half-year	-	-	(550)	(550)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(550)	(550)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	28,821	-	-	28,821
Share-based payments (note 16)	-	33	-	33
Balance at 31 December 2021	68,200	424	(72,556)	(3,932)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2022	76,006	625	(76,183)	448
Loss after income tax expense for the half-year	-	-	(4,581)	(4,581)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,581)	(4,581)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	556	-	-	556
Share-based payments (note 16)	-	587	-	587
Balance at 31 December 2022	76,562	1,212	(80,764)	(2,990)

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

	Note	Consolidated 31 Dec 2022 $'000	Consolidated 31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,451	13,568
Payments to suppliers and employees (inclusive of GST)		(15,027)	(13,225)
Net cash from current operating activities		1,424	343
Interest received		13	3
Interest and other finance costs paid		(1,252)	(1,301)
Repayment of payment plans *		(1,085)	(668)
Net cash used in operating activities		(900)	(1,623)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	14	(1,921)	-
Payments for financial assets		-	(2)
Payments for property, plant and equipment		(116)	(90)
Payments for intangibles		(475)	(678)
Payments for security deposits		(55)	-
Proceeds from disposal of property, plant and equipment		-	11
Net cash used in investing activities		(2,567)	(759)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)		-	28,821
Repayment of borrowings		(750)	(21,975)
Repayment of lease liabilities		(83)	-
Net cash (used in)/from financing activities		(833)	6,846
Net (decrease)/increase in cash and cash equivalents		(4,300)	4,464
Cash and cash equivalents at the beginning of the financial half-year		7,036	1,834
Cash and cash equivalents at the end of the financial half-year		2,736	6,298

* Repayment of the historic ATO debt is not a current operating activity and has been disclosed separately for 31 December 2022 and 31 December 2021.

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 half-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:

Suite 2, 1 Tully Road
East Perth WA 6004

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 6 months ended 31 December 2022, the Group recorded a loss after tax of $$4,581,000 (2021: $$550,000) and recorded net cash outflows from operating activities of $900,000 (2021: net cash outflows of $1,623,000). As at 31 December 2022, the Group had a deficiency in working capital of $33,002,000 (30 June 2022: $29,392,000).

The Company is currently in negotiations with multiple potential financiers and is considering the best option for the re-financing of the debt (classified in the financial statements as current), which will result in the major portion of the debt being re-classified as non-current.

The classification of debt as current indicates a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern. The Directors are confident that the re-financing of the debt together with the solid cash flow forecast will provide the working capital to meet the Group’s requirements.

Note 2. Significant accounting policies (continued)

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 are in place with the Australian Taxation Office and are being serviced in a timely manner;
- 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
- with the inclusion of the acquisitions of Advanced Inland Securities (30 June 2022) and Mammoth technology Group (4 July 2022) in the cash flow and with cost savings resulting from increased efficiencies through consolidation of data bases and implementation of a new billing platform 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.

The ability of the Group to continue as a going concern and to fund its operational activities is dependent on the above assumptions.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

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.

Note 3. 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 operating 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.

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.

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.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2022	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	13,074	851	1,958	15,883
Total revenue	13,074	851	1,958	15,883
Segment result	6,139	68	21	6,228
Other income including interest received				54
Administration expenses				(3,822)
Compliance and regulatory costs				(376)
Marketing and business development expenses				(186)
Marketing and business development - depreciation and amortisation				(3,368)
Business acquisition and integration				-
Impairment of receivables				(224)
Share-based payments				9
Finance costs				(2,895)
Loss before income tax expense				(4,580)
Income tax expense				(1)
Loss after income tax expense				(4,581)
Assets				
Segment assets	32,706	457	1,146	34,309
Unallocated assets				4,101
Total assets				38,410
Liabilities				
Segment liabilities	4,229	381	-	4,610
Unallocated liabilities				36,790
Total liabilities				41,400

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2021	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	10,053	1,729	399	12,181
Total revenue	10,053	1,729	399	12,181
Segment result	4,415	120	-	4,535
Other income including interest received				4,682
Administration expenses				(2,212)
Compliance and regulatory costs				(514)
Business acquisition and integration costs				(139)
Marketing and business development expenses				(197)
Marketing and business development - depreciation and amortisation				(2,894)
Impairment of receivables				(131)
Share-based payments				(33)
Finance costs				(3,647)
Loss before income tax expense				(550)
Income tax expense				-
Loss after income tax expense				(550)
Consolidated - 30 Jun 2022				
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. Revenue

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

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Major product lines		
Ongoing services	13,502	11,369
One-off services	2,050	684
Equipment sales	331	128
	15,883	12,181
Geographical regions		
Australia	15,883	12,181
Timing of revenue recognition		
Goods and services transferred at a point in time	2,564	813
Services transferred over time	13,319	11,368
	15,883	12,181

Note 5. Other income including interest received

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Net gain on disposal of property, plant and equipment	-	11
Net gain on settlement of contingent consideration	41	44
Interest received	6	3
Debt forgiveness from First Samuel Limited (note 10)	-	3,856
Reversal of contingent consideration (note 12)	-	765
Other income	7	3
Other income including interest received	54	4,682

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 and loss account for the half-year ended 31 December 2021.

Note 6. Expenses

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	207	174
Monitoring infrastructure	40	40
Buildings right-of-use assets	124	128
Total depreciation	371	342
Amortisation		
Development assets	100	67
Intellectual property	2	2
Customer contracts	2,968	2,751
Total amortisation	3,070	2,820
Total depreciation and amortisation	3,441	3,162
Finance costs		
Interest and finance charges paid/payable on borrowings	2,408	3,630
Interest and finance charges paid/payable on lease liabilities	32	17
Other finance costs	455	-
Finance costs expensed	2,895	3,647

Note 7. Trade and other receivables

	Consolidated	
	31 Dec 2022 $'000	30 Jun 2022 $'000
Current assets		
Trade receivables	4,094	3,059
Less: Allowance for expected credit losses	(786)	(636)
	3,308	2,423
Other receivables	61	456
	3,369	2,879

Note 8. Intangibles

	Consolidated 31 Dec 2022 $'000	Consolidated 30 Jun 2022 $'000
Non-current assets		
Goodwill - at cost	37,262	34,598
Less: Accumulated impairment	(25,432)	(25,432)
	11,830	9,166
Development assets - at cost	7,050	6,361
Less: Accumulated amortisation	(4,224)	(4,094)
Less: Impairment	(1,702)	(1,702)
	1,124	565
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(13)	(11)
	10	12
Customer contracts - at cost	46,738	47,208
Less: Accumulated amortisation	(30,150)	(27,181)
Less: Accumulated impairment	(828)	(828)
	15,760	19,199
	28,724	28,942

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

Consolidated	Goodwill $'000	Development assets $'000	Intellectual property $'000	Customer contracts $'000	Total $'000
Balance at 1 July 2022	9,166	565	12	19,199	28,942
Additions	-	385	-	37	422
Additions through business combinations (note 14)	2,664	106	-	-	2,770
Transfers to IT	-	-	-	(340)	(340)
Transfers in/(out)	-	168	-	(168)	-
Amortisation expense	-	(100)	(2)	(2,968)	(3,070)
Balance at 31 December 2022	11,830	1,124	10	15,760	28,724

Note 9. Trade and other payables

	Consolidated 31 Dec 2022 $'000	Consolidated 30 Jun 2022 $'000
Current liabilities		
Trade payables	1,318	462
Accrued expenses	917	853
Payable to ATO	3,873	4,723
Other payables	589	748
	6,697	6,786

Repayment plans are in place for amounts owing to the ATO.

Note 10. Borrowings

	Consolidated	
	31 Dec 2022 $'000	30 Jun 2022 $'000
Current liabilities		
Other short-term borrowings	393	123
Borrowings - Ares SSG Capital Management (formerly known as Soliton Capital Partners)	27,071	27,278
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	3,531	3,095
Accrued interest - Ares SSG Capital Management	642	-
	31,637	30,496

Borrowings - Ares SSG Capital Management
During the current half-year, $750,000 of the borrowings was repaid to Ares SSG Capital Management. The maturity date of the loan is 30 September 2023

Interest charged on the loan is 13.613% (30 June 2022: 10.618%) and a further 15% repayment premium is payable on payment of the principal loan balance. Borrowings to Soliton Capital Partners Pty Ltd are secured over the general property of the Group.

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

Note 11. Issued capital

	Consolidated			
	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 $'000	30 Jun 2022 $'000
Ordinary shares - fully paid	130,700,295	122,700,295	76,562	76,006

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2021	122,700,295		76,006
Shares issued on acquisition of Mammoth Technology Group	4 July 2022	8,000,000	$0.090	720
Transaction costs		-		(164)
Balance	31 December 2022	130,700,295		76,562

Ordinary shares
Ordinary shares entitle the holder to participate in 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.

Note 12. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2022 and 30 June 2022.

Note 13. Related party transactions

Parent entity
Intelligent Monitoring Group Limited is the parent entity.

Transactions with related parties
A total of $350,000 was paid to Black Crane, a related party of the Company by virtue of it being controlled by Director Peter Kennan, in relation to strategic financial advisory services including advice in relation to re-financing, business valuation and acquisitions.

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

Note 14. Business combinations

Mammoth Technology Group Pty Ltd
On 4 July 2022, Intelligent Monitoring Group Limited ('IMG') acquired 100% of the ordinary shares of Mammoth Technology Group Pty Ltd ('MTG'), a company that will give the Group more scale but more importantly the ability to immediately execute on its connected camera strategy. The goodwill recognised at acquisition date of $2,664,000 represents the consideration payment less net assets acquired. The acquired business contributed revenues of $462,000 and loss after tax of $906,000 to the Group for the period from 4 July 2022 to 31 December 2022. The values identified in relation to the acquisition of MTG are provisional as at 31 December 2022.

Details of the acquisition are as follows:

	Fair value $'000
Current assets:	
Cash and cash equivalents	79
Trade and other receivables	96
Inventories	698
Other current assets	37
Non-current assets:	
Plant and equipment	83
Development assets	106
Current liabilities:	
Trade and other payables	(430)
Employee benefits	(17)
Net assets acquired	652
Goodwill	2,664
Acquisition-date fair value of the total consideration transferred	3,316
Representing:	
Cash paid or payable to vendor	2,000
Intelligent Monitoring Group Limited shares issued to vendor	720
Performance rights granted at valuation	596
	3,316
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	3,316
Less: cash and cash equivalents	(79)
Less: shares issued by Company as part of consideration	(720)
Less: performance rights issued to Rob Hilton	(596)
Net cash used	1,921

Note 15. Earnings per share

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(4,581)	(550)

Note 15. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	130,569,860	29,518,821
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,569,860	29,518,821

	Cents	Cents
Basic earnings per share	(3.51)	(1.86)
Diluted earnings per share	(3.51)	(1.86)

8,700,000 (2021: 3,700,000) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2022. These performance rights could potentially dilute basic earnings per share in the future.

There were no pre and post-consolidation options on issue as at 31 December 2022 that could potentially dilute basic earnings per share in the future.

Note 16. Share-based payments

Performance rights
During the period, the Company issued performance rights totalling 5,000,000 to its employee Executive Director, Robert Hilton and issued 3 tranches of performance rights totalling 1,850,000 to its employee Executive Director, Dennison Hambling, following approval from shareholders at the Company's AGM held on 28 November 2022. Rob Hilton performance rights were valued at $596,000 and included in the business combination (refer note14). Dennison Hambling performance rights were valued at $277,300 and will be expensed over the vesting period.

The rights were valued 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 performance rights.

Key vesting conditions of the rights are as follows:

Robert Hilton	The Company's shares reaching a price per share of $0.40 at the vesting date, based on the VWAP over 20 consecutive trading days
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.

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

	Number of performance rights 31 Dec 2022	Weighted average exercise price 31 Dec 2022	Number of performance rights 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial half-year	3,700,000	$0.000	-	$0.000
Granted	6,850,000	$0.000	3,700,000	$0.000
Forfeited *	(1,850,000)	$0.000	-	$0.000
Outstanding at the end of the financial half-year	8,700,000	$0.000	3,700,000	$0.000
Exercisable at the end of the financial half-year	-	$0.000	-	$0.000

* John Hallam (previous CEO) resigned in August 2022 and forfeited performance rights

Note 16. Share-based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.3 years.

For the performance rights granted during the current financial half-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
04/07/2022	03/07/2025	$0.175	$0.000	75.00%	-	3.39%	$0.119
05/12/2022	04/12/2025	$0.175	$0.000	75.00%	-	3.39%	$0.166
05/12/2022	04/12/2025	$0.175	$0.000	75.00%	-	3.39%	$0.154
05/12/2022	04/12/2025	$0.175	$0.000	75.00%	-	3.39%	$0.136

Note 17. Events after the reporting period

On 4 January 2023 the Company acquired the operations of one of its wholesale customers “Monitored 24/7” in Western Australia. The purchase price of $312,000 represented a multiple of approximately three times EBITDA. The acquisition is expected to add more experience and breadth to the monitoring segment and position the Group for further growth.

No other matter or circumstance has arisen since 31 December 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dennison Hambling
Deputy Chairman and Executive Director

27 February 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF INTELLIGENT MONITORING GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Intelligent Monitoring Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

We draw attention to Note 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, 27 February 2023