Intelligent Monitoring Group Limited

ABN 36 060 774 227

Annual Report - 30 June 2023

Corporate directory	1
Directors' report	2
Auditor's independence declaration	17
Consolidated statement of profit or loss and other comprehensive income	18
Consolidated statement of financial position	19
Consolidated statement of changes in equity	20
Consolidated statement of cash flows	21
Notes to the consolidated financial statements	22
Directors' declaration	61
Independent auditor's report to the members of Intelligent Monitoring Group Limited	62
Shareholder information	66

Directors	Peter Kennan	Non-Executive Chairman
	Dennison Hambling	Deputy Chairman and Managing Director
	Robert Hilton	Non-Executive Director
	Jason Elks	Non-Executive Director

Company secretary: Neil Green

Registered office:
Suite 2, 1 Tully Road
East Perth WA 6004
Telephone: 1300 THREAT (1300 847 328)
Email: info@threatprotect.com.au
PO Box 8523
CDC Perth WA 6000

Share register:
Link Market Services Limited
Level 12 QV1 Building, 250 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474

Auditor:
BDO Audit Pty Ltd
Level 7
420 King Street
Adelaide SA 5000

Solicitors:
Jones Day
Riverside Centre
Level 31, 123 Eagle Street
Brisbane QLD 4000

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 '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 2023.

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
Dennison Hambling	Deputy Chairman and Managing Director
Robert Hilton	Non-Executive Director (from 9 May 2023, previously appointed as Executive Director on 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 year the principal continuing activities 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 $11,857,000 (30 June 2022: $4,177,000).

Financial performance

FY2023 was a significant year for the Group.

The Group continued on its path of business improvement whilst beginning to shift its focus towards growth. During the year the now-announced acquisition of Tyco Australia Group Pty Limited ('ADT') weighed on executive management and the board and it also shifted the emphasis and focus placed on some previously important growth areas (such as Mammoth Technology Group ('MTG')). Whilst this had the impact of costing the business short-term focus, it has resulted in a business now with vastly improved financials, and opportunities for improved shareholder returns. The Group today is now the largest provider of security monitoring services in Australasia.

Revenue from ordinary activities amounted to $32,878,000 (30 June 2022: $23,088,000). The increase on the comparative period (42.4% increase) is due to increased monitoring and installation and maintenance services 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	
	2023 $'000	2022 $'000
Loss before income tax benefit	(11,857)	(4,177)
Finance costs	5,383	5,790
Depreciation and amortisation in cost of services	516	432
Depreciation and amortisation expense	6,780	5,810
EBITDA	822	7,855
Adjustments		
Impairment of receivables	279	310
Impairment of assets	2,306	-
Business acquisition and integration costs	726	189
Other income	(264)	(4,729)
Adjusted EBITDA	3,869	3,625
Mammoth Technology Group (MTG)	1,332	-
Adjusted EBITDA (excluding MTG)	5,201	3,625

Focus on organic growth and business improvement activities has improved the operating performance of the Group. Gross Margin for the period increased to $12,012,000 with Adjusted EBITDA (excluding the impact of MTG) lifting 43.5% to $5,201,000. MTG incurred a loss of $1,332,000. Including MTG Adjusted EBITDA rose by 6.7% to $3,869,000.

The Group exited FY2023 (pre the acquisition of ADT) in a position to deliver an EBITDA for FY2024 of +$6,000,000 (incl MTG). In July 2023 the Group (immediately prior to the acquisition of ADT) achieved its budgeted EBITDA for the month, putting it on track to reach its targeted FY2024 results.

The loss for the Group after providing for income tax amounted to $11,857,000 (2022: $4,177,000). The prior year loss was reduced by the one-off extraordinary income of $4,622,000 included in other income above. The Group has reduced finance costs compared with the prior year in line with the reduction of capitalised interest and borrowing costs. Amortisation expense increased against the prior year due to increased acquisition of lines as reflected in the increased costs of customer contracts.

The $2,300,000 of intangible assets impaired in the current reporting period relates to the impairment of the goodwill of MTG, as per impairment testing of MTG as a separate identifiable cash generating unit.

The Group has increased business acquisition and integration cost when compared to the prior year. These costs were incurred as part of the acquisition of ADT.

Other income for the Group has reduced compared to prior year. In the prior year $3,856,000 related to a loan that was forgiven as part of a debt restructure following an equity raising.

Net cash inflows from current operating activities amounted to $2,000,000 a slight decrease from the prior year (2022: $2,235,000), increased monitoring and installation and maintenance services revenue contributed by Advanced Inland Security was offset by the loss incurred by MTG.

The net cash used in operating activities amounted to $3,068,000 (2022: net cash used of $2,031,000) an increase of $1,037,000, mainly driven by increased finance costs at $3,002,000 (2022: $2,441,000) as a result of interest rate increases during the financial year. Repayment of payment plans to the ATO amounted to $2,074,000 (2022: $1,828,000).

Cash flow from investment activities amounted to $3,496,000 (2022: $6,481,000) which mainly includes the acquisition of Mammoth Technology Group for $1,921,000, and $664,000 for the acquisition of customer contracts during the year which included Monitored 24/7, Bellrock and Tasmania Combined Monitoring.

Cash equivalents as at 30 June 2023 was $5,269,000, a decrease of $1,767,000 from 30 June 2022, mainly driven by negative cash flow from interest and finance costs, repayment of ATO payment plans and borrowings and payment for investment activities, partly offset by the positive cashflow from current operating activities and the net proceeds from issue of shares.

The Group's net liabilities as at 30 June 2023 was $1,706,000 (2022: net assets of $448,000). This is from a decrease in intangible assets from prior year mainly as a result of the impairment of MTG goodwill by $2,300,000. The Group's borrowings of $29,120,000 as at 30 June 2023 is required to be classified as current in the consolidated statement of financial position in accordance with Australian Accounting Standards as borrowings is due and payable within the next 12 months. The borrowing was settled in full on 1 August 2023, refer matters subsequent to the end of the financial year further below.

As a result of the loss incurred and the operating cash outflows for the year ended 30 June 2023, there may be a material uncertainty that may cast significant doubt upon 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

As announced in June 2023, with the acquisition of ADT, the Group now expects a proforma FY2024 EBITDA of $24.8m, which with targeted business improvements should deliver an estimated EBITDA of $28.9m for FY2024 (which is equivalent to $31m annualised – ADT was acquired on 1 August 2023).

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 was undertaken in an effort to accelerate the use of camera technology in its monitoring operations, assist with the growth of sales and marketing, and enhance the Group's corporate national relationships. Refer to note 27 for further information.

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.

Non-Executive Director, Dimitri Bacopanos resigned on 14 November 2022 and was replaced on 1 December 2022 when Jason Elks was appointed as Non-Executive Director.

On 9 May 2023 Robert Hilton's role was changed from Executive to Non-Executive Director.

During the financial period there were customer contracts additions which included Monitored 24/7, Bellrock and Tasmania Combined Monitoring, contributing towards the Group's line growth strategy and extension of its geographic footprint.

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 18 July 2023, the Company completed an equity raising via an accelerated non-renounceable Entitlement Offer. A total of $5,805,185 (before transaction costs) was raised for the issue of 36,282,407 shares in the Company.

On 24 July 2023, the Company completed a top-up equity placement following the successful Entitlement Offer. A total of $2,717,489 (before transaction costs) was raised for the issue of 16,984,304 shares in the Company.

On 1 August 2023 the Company acquired all the shares in Tyco Australia Group Pty Ltd ('ADT') for the consideration of $45,000,000. ADT is a leading security monitoring provider, providing security system installation, maintenance and monitoring services to residential, commercial and medical customers across Australia and New Zealand under the "ADT" brand. The acquisition will result in the lines monitored by the Group more than doubling to 180,000 with combined recurring monthly revenue above $6,500,000.

The acquisition agreement allows for the working capital to be finalised within three months of the settlement date (1 August 2023). The opening trial balance will not be available until the working capital has been finalised and as such it is not possible to complete the business combination calculations or disclose the acquisition date fair value of total consideration paid.

The Group funded the acquisition and refinanced its current debt of $29,077,000 via a combination of a $80,000,000 3-year debt facility and the proceeds of a $15,000,000 equity raising.

The terms of the $80,000,000 debt facility with Tor Investment Management are:

- Cash interest rate of 10% per annum, payable quarterly
- Payment in kind (PIK) interest 5% per annum
- 3 year term until July 2026
- No capital repayments for 18 months
- Upfront fee of $2,400,000
- Cash sweep above $20,000,000 cash during 1st six months, $15,000,000 during 2nd six months and $10,000,000 after 12 months

No other matter or circumstance has arisen since 30 June 2023 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.

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 State 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. All operating staff are personally licensed in accordance with specific State requirements.

Cybersecurity and Information technology ('IT') infrastructure
During the financial year, the group engaged the services of a consultant, CrowdStrike. The cybersecurity services were delivered through the CrowdStrike Falcon platform. The consultant delivered cybersecurity prevention policies, 24/7 monitoring of cybersecurity incidents, remediation of incidents and regular reporting.

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
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:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	137,605,670 ordinary shares
Interests in options:	None
Interests in rights:	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. Appointed as Managing Director on 5 July 2022.
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 Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	601,796 ordinary shares
Interests in options:	None
Interests in rights:	3,700,000 performance rights over ordinary shares

Name:	Robert Hilton
Title:	Non-Executive Director
Experience and expertise:	Robert founded The Promotions Factory (now TPF Group) in 1988 and has 34 years of experience in Sales and Marketing. He has built promotional strategies and executed global award winning campaigns for the biggest brands in Australia. Robert is also the founder of Mammoth Technology Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	8,799,667 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Jason Elks
Title:	Non-Executive Director
Qualifications:	Bachelor of Laws, Masters of Management (Human Resources)
Experience and expertise:	Jason is a skilled and seasoned executive who has been involved in significant organisations and led change and growth strategies. He has hands on experience in both change and growth stages of a business.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit Committee
Interests in shares:	None
Interests in options:	None
Interests in rights:	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

Neil Green was appointed as the Joint Company Secretary on 30 September 2022, taking over as sole Company Secretary following the resignation of Joint Company Secretary Jane Prior on 12 December 2022. He is also the Company's Chief Risk Officer. Neil has been with the Company, and its predecessor businesses, since 1998. He holds a Bachelor of Business, and a Bachelor of Laws, and is a Fellow of the Governance Institute of Australia. He has prior experience as a public company secretary and brings a deep breadth of relevant security experience to the senior executive of the Company.

Jane Prior was the Company Secretary since November 2021, became Joint Company Secretary on 30 September 2022 and resigned on 12 December 2022.

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 2023, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Peter Kennan	6	6	2	2
Dennison Hambling	6	6	2	2
Robert Hilton (appointed 5 Jul 2022)	5	6	-	-
Jason Elks (appointed 1 Dec 2022)	2	3	1	1
Dimitri Bacopanos (resigned 14 Nov 2022)	2	2	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 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. Refer to 'Share-based compensation' section below for more information on performance rights issued to executives.

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 2023, the Group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 99.78% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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:
- Roy Kelly - Chief Financial Officer (appointed on 1 July 2022)
- John Hallam - Chief Executive Officer (resigned on 19 August 2022)
- Rajesh Tailor - Chief Financial Officer (resigned on 10 August 2022)

	Short-term benefits			Post-employment benefits		Equity-settled Share-based payments	
2023	Cash salary, fees and leave $	Cash bonus $	Other * $	Super-annuation $	Termination benefits $	Performance rights $	Total $
Non-Executive Directors:							
Peter Kennan	55,000	-	-	-	-	-	55,000
Jason Elks	22,615	-	-	2,375	-	-	24,990
Robert Hilton ***	6,154	-	-	646	-	-	6,800
Dimitri Bacopanos **	12,000	-	-	-	-	-	12,000
Executive Directors:							
Dennison Hambling	322,018	-	-	25,062	-	-	347,080
Robert Hilton	91,825	-	-	9,642	-	-	101,467
Other Key Management Personnel:							
Roy Kelly	235,579	-	-	22,888	-	-	258,467
John Hallam **	45,562	-	3,077	4,765	30,000	-	83,404
Rajesh Tailor **	30,754	-	-	2,999	-	-	33,753
	821,507	-	3,077	68,377	30,000	-	922,961

* The 'Other' category represents motor vehicle allowances.
** Represents remuneration to the date of resignation.
*** Executive Director from 5 July 2022 until 8 May 2023, Non-Executive Director from 9 May 2023

	Short-term benefits			Post-employment benefits		Equity-settled Share-based payments	
2022	Cash salary, fees and leave $	Cash bonus $	Other * $	Super-annuation $	Termination benefits $	Performance rights $	Total $
Non-Executive Directors:							
Derek La Ferla **	8,931	-	-	-	-	-	8,931
Dimitri Bacopanos	36,000	-	-	-	-	-	36,000
Peter Kennan	54,591	-	-	-	-	-	54,591
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.

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

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Non-Executive Directors:						
Peter Kennan	100%	100%	-	-	-	-
Jason Elks	100%	-	-	-	-	-
Robert Hilton	100%	-	-	-	-	-
Dimitri Bacopanos	100%	100%	-	-	-	-
Derek La Ferla	-	100%	-	-	-	-
Executive Directors:						
Dennison Hambling	100%	82%	-	-	-	18%
Other Key Management Personnel:						
Roy Kelly	100%	-	-	-	-	-
John Hallam	100%	85%	-	-	-	15%
Rajesh Tailor	100%	100%	-	-	-	-
Brad Kobus	-	100%	-	-	-	-

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
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:	Dennison Hambling
Title:	Managing Director (Previously appointed as Deputy Chairman on 9 July 2021, appointed as Executive Director on 13 August 2021 and appointed as Managing Director on 5 July 2022)
Agreement commenced:	1 July 2022
Term of agreement:	The agreement may be terminated by either the Company or Dennison by giving at least three months’ notice. Dennison 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 Dennison his remuneration during that period.
Details:	Dennison’s remuneration is set at $325,000 per annum (inclusive of statutory superannuation).

Name:	Robert Hilton
Title:	Non-Executive Director (Previously appointed as Executive Director on 5 July 2022 and appointed as Non-Executive Director on 9 May 2023)
Agreement commenced:	5 July 2022
Term of agreement:	The agreement may be terminated by either the Company or Robert by giving at least three months’ notice. Robert 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 Robert his remuneration during that period.
Details:	Robert’s remuneration is set at $200,000 per annum (inclusive of statutory superannuation). Robert ceased to be an Executive Director of the Company on 8 May 2023.

Name:	Roy Kelly
Title:	Chief Financial Officer
Agreement commenced:	1 July 2022
Term of agreement:	The agreement may be terminated by either the Company or Roy by giving at least four weeks' written notice. Roy 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 Roy his remuneration during that period.
Details:	Roy's remuneration is set at $248,625 per annum (inclusive of statutory superannuation).

Name:	John Hallam
Title:	Chief Executive Officer (resigned on 19 August 2022)
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.

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 2023.

Options
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 2023.

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
05/12/2022	Various	01/12/2025	$0.180	$0.052
05/12/2022	Various	01/12/2025	$0.225	$0.045
05/12/2022	Various	01/12/2025	$0.300	$0.037

* 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 33). 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 2023 are set out below:

Name	Number of rights granted during the year 2023	Number of rights granted during the year 2022	Number of rights vested during the year 2023	Number of rights vested during the year 2022
John Hallam	-	1,850,000	-	-
Dennison Hambling	1,850,000	1,850,000	-	-
Robert Hilton	5,000,000	-	-	-

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 2023 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	-	-	-	-
Dennison Hambling	-	-	-	-
Robert Hilton	-	-	-	-

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Sales revenue	32,878	23,088	25,465	27,633	19,741
Loss after income tax	(11,857)	(4,177)	(15,658)	(32,380)	(10,621)

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

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.16	0.08	0.02	0.05	0.18
Basic earnings per share (cents per share)	(9.02)	(8.15)	(6.50)	(14.32)	(7.64)

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	Held prior to appointment as director	Additions	Held at time of resignation	Balance at the end of the year
Ordinary shares					
Peter Kennan	80,124,820	-	57,480,850	-	137,605,670
Dennison Hambling	354,918	-	246,878	-	601,796
Robert Hilton	-	8,549,667	250,000	-	8,799,667
Dimitri Bacopanos	80,000	-	-	(80,000)	-
	80,559,738	8,549,667	57,977,728	(80,000)	147,007,133

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	-	-	3,700,000
John Hallam	1,850,000	-	-	(1,850,000)	-
Robert Hilton *	-	5,000,000	-	(5,000,000)	-
	3,700,000	6,850,000	-	(6,850,000)	3,700,000

* Performance rights issued to Robert Hilton lapsed due to the change in his role from Executive Director to Non-Executive Director.

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

	Consolidated 2023 $	Consolidated 2022 $
Goods and services provided to key management personnel on commercial terms (Group income):		
Derek La Ferla	-	420
Dimitri Bacopanos	219	420
	219	840
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
Douglas Hambling (Dennison Hambling's son)	484	-
	484	22,949
Related entity: Black Crane Advisors Limited		
Black Crane Advisors Limited is a company controlled by Mr Peter Kennan which provided debt advisory and underwriting services to Intelligent Monitoring Group Limited during the period.		
- Strategic financial advisory services	350,000	-
- Debt capital advisory services	300,000	-
- Advisory services in relation to capital raise	-	600,000
- Underwriting in relation to capital raise	600,000	1,150,000
Interest expense on Black Crane borrowing	55,683	-
Loan Facility fee on Black Crane borrowing	75,000	-
	1,380,683	1,750,000

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 from related parties
On 16 January 2023 Black Crane Asia Pacific Opportunities Fund, a related party of the Company by virtue of it being controlled by Director Peter Kennan, provided a short-term facility of $1,575,000 to the Company. The terms were for up to 9.5 months from drawdown to provide operating funds and working capital. A loan facility fee of $75,000 was paid on 17 January 2023. Interest accrued at 8% monthly on the outstanding amount. The short term loan was settled in full on 13 June 2023, settlement amounted to $1,630,683 which included the accrued interest until settlement date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except for the loan from Black Crane mentioned above.

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	1,850,000
05/12/2022	04/12/2025	$0.000	1,850,000
			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 2023 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 2023 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
There were no non-audit services provided during the financial year by the auditor.

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

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 August 2023

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

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

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

As lead auditor of Intelligent Monitoring Group Limited for the year ended 30 June 2023, 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.

Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 30 August 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue			
Revenue from contracts with customers	5	32,878	23,088
Cost of services - operations		(20,350)	(13,708)
Cost of services - depreciation and amortisation	7	(516)	(432)
Total cost of services		(20,866)	(14,140)
Gross margin		12,012	8,948
Other income including interest received	6	264	4,729
Expenses			
Administration		(7,280)	(4,813)
Compliance and regulatory costs		(728)	(639)
Marketing and business development expenses		(397)	(69)
Depreciation and amortisation	7	(6,780)	(5,810)
Business acquisition and integration		(726)	(189)
Impairment of receivables		(279)	(310)
Impairment of assets	13	(2,306)	-
Share-based payments		(254)	(234)
Finance costs	7	(5,383)	(5,790)
Loss before income tax expense		(11,857)	(4,177)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Intelligent Monitoring Group Limited		(11,857)	(4,177)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Intelligent Monitoring Group Limited		(11,857)	(4,177)
		Cents	**Cents**
Basic earnings per share	32	(9.02)	(8.15)
Diluted earnings per share	32	(9.02)	(8.15)

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
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		5,269	7,036
Trade and other receivables	9	3,807	2,879
Contract assets	10	39	190
Finished goods		820	59
Other		448	267
Total current assets		10,383	10,431
Non-current assets			
Property, plant and equipment	11	906	793
Right-of-use assets	12	953	453
Intangibles	13	24,077	28,942
Other		99	124
Total non-current assets		26,035	30,312
Total assets		36,418	40,743
Liabilities			
Current liabilities			
Trade and other payables	14	5,931	6,786
Contract liabilities	15	543	769
Borrowings	16	29,120	30,496
Lease liabilities	17	284	104
Income tax payable	8	-	62
Provisions	18	1,393	1,606
Total current liabilities		37,271	39,823
Non-current liabilities			
Lease liabilities	17	718	363
Provisions	18	135	109
Total non-current liabilities		853	472
Total liabilities		38,124	40,295
Net assets/(liabilities)		(1,706)	448
Equity			
Issued capital	19	84,859	76,006
Reserves	20	762	625
Accumulated losses		(87,327)	(76,183)
Total (deficiency)/equity		(1,706)	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 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 19)	36,627	-	-	36,627
Share-based payments (note 33)	-	234	-	234
Balance at 30 June 2022	76,006	625	(76,183)	448

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 year	-	-	(11,857)	(11,857)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(11,857)	(11,857)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	8,853	-	-	8,853
Share-based payments (note 33)	-	254	-	254
Performance rights forfeited	-	(117)	117	-
Cancellation of performance rights	-	-	596	596
Balance at 30 June 2023	84,859	762	(87,327)	(1,706)

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

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		34,698	25,567
Payments to suppliers and employees (inclusive of GST)		(32,698)	(23,332)
Net cash from current operating activities		2,000	2,235
Interest received		8	3
Interest and other finance costs paid		(3,002)	(2,441)
Repayment of payment plans *		(2,074)	(1,828)
Net cash used in operating activities	29	(3,068)	(2,031)
Cash flows from investing activities			
Payment for asset acquisition, net of cash acquired		(1,921)	(4,862)
Payments for financial assets		-	(15)
Payments for property, plant and equipment		(252)	(139)
Payments for intangibles		(1,232)	(1,482)
Payments for security deposits		(91)	-
Proceeds from disposal of property, plant and equipment		-	17
Net cash used in investing activities		(3,496)	(6,481)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	19	8,133	36,650
Proceeds from borrowings		1,575	-
Repayment of borrowings		(4,654)	(22,635)
Repayment of lease liabilities		(257)	(301)
Net cash from financing activities		4,797	13,714
Net increase/(decrease) in cash and cash equivalents		(1,767)	5,202
Cash and cash equivalents at the beginning of the financial year		7,036	1,834
Cash and cash equivalents at the end of the financial year		5,269	7,036

* The ATO debt was incurred from operating activities in reporting periods prior to 2022, therefore the repayment of the ATO debt is not a current operating activity and has been disclosed separately for 30 June 2023 and 30 June 2022.

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:

Suite 2, 1 Tully Road
East Perth WA 6004

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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 2023, the Group recorded a loss before tax of $11,857,000 (2022: $4,177,000) and had net cash outflows from operating activities of $3,068,000 (2022: outflows of $2,031,000). As at 30 June 2023, the Group had a deficiency in working capital of $26,888,000 (2022: $29,392,000).

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;
- the Group had a financing arrangement in place with Ares on 30 June 2023 of $29,077,305 (2022: $30,601,211). This facility was due to mature on 30 September 2023 but was settled in full on 1 August 2023;
- on 1 August 2023 the Group secured borrowings of $80,000,000. The funds were utilised to acquire ADT Australia and ADT New Zealand, settle all acquisition and debt facility costs, settle the borrowings from Ares (as detailed above) and the balance to be utilised as seed funding for the working capital for the ADT businesses. The Directors expect to meet all of the compliance covenants of the new financing arrangement and the Group will generate sufficient EBITDA to service these borrowings;
- a $15,000,000 Entitlement Offer and Top up Capital Raise of $2,700,000, were complete in July 2023 and demonstrates the ability of the Group to raise funds as required; and
- the Directors expect the Group to trade with a healthy EBITDA and generate sufficient positive operating cash flow to facilitate the repayment of the repayment plans in place and the loan interest and capital repayments for the newly completed borrowings.

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 that may cast significant doubt upon 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.

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 2. Significant accounting policies (continued)

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 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intelligent Monitoring Group Limited as at 30 June 2023 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 are 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)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 Monte-Carlo 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.

Note 2. Significant accounting policies (continued)

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Monte-Carlo 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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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 2023. 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 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend 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 subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. 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 Monte-Carlo 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.

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 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.

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.

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.

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the 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 Mammoth Technology Group Pty Ltd during the current reporting period and for Advanced Inland Security Pty Ltd during the prior 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 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.

Note 4. Operating segments (continued)

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 (2022: none).

Operating segment information

Consolidated - 2023	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	26,328	2,034	4,516	32,878
Total revenue	26,328	2,034	4,516	32,878
Segment result	11,707	139	166	12,012
Other income including interest received				264
Administration expenses				(7,280)
Compliance and regulatory costs				(728)
Marketing and business development expenses				(397)
Depreciation and amortisation				(6,780)
Business acquisition and integration				(726)
Impairment of receivables				(279)
Impairment of assets				(2,306)
Share-based payments				(254)
Finance costs				(5,383)
Loss before income tax expense				(11,857)
Income tax expense				-
Loss after income tax expense				(11,857)
Assets				
Segment assets	25,645	617	1,175	27,437
Unallocated assets				8,981
Total assets				36,418
Liabilities				
Segment liabilities	4,542	228	-	4,770
Unallocated liabilities				33,354
Total liabilities				38,124

Note 4. Operating segments (continued)

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)
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 5. Revenue

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Major product lines		
Ongoing services	27,511	22,259
One-off services	4,287	639
Equipment sales	1,080	190
	32,878	23,088
Geographical regions		
Australia	32,878	23,088
Timing of revenue recognition		
Goods and services transferred at a point in time	5,926	962
Services transferred over time	26,952	22,126
	32,878	23,088

Note 6. Other income including interest received

	Consolidated	
	2023	2022
	$'000	$'000
Net gain on acquisition of business	102	-
Net gain on disposal of property, plant and equipment	-	11
Net gain on settlement of contingent consideration	50	91
Interest received	8	3
Debt forgiveness from First Samuel Limited	-	3,856
Reversal of contingent consideration	-	765
Other income	104	3
Other income including interest received	264	4,729

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 for the year ended 30 June 2022.

Note 7. Expenses

	Consolidated	
	2023	2022
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	366	348
Motor vehicles	42	-
Monitoring infrastructure	160	70
Buildings right-of-use assets	292	207
Total depreciation	860	625
Amortisation		
Development assets	199	137
Intellectual property	3	2
Customer contracts	6,234	5,478
Total amortisation	6,436	5,617
Total depreciation and amortisation	7,296	6,242
Impairment of assets		
Goodwill	2,300	-
Development assets	6	-
Total impairment	2,306	-
Finance costs		
Interest and finance charges paid/payable on borrowings	5,308	5,763
Interest and finance charges paid/payable on lease liabilities	75	27
Finance costs expensed	5,383	5,790
Leases		
Low-value assets lease payments	6	6
Superannuation expense		
Superannuation contribution expense	1,096	827
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	13,523	9,819

Note 8. Income tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(11,857)	(4,177)
Tax at the statutory tax rate of 25%	(2,964)	(1,044)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deductible equity raising costs	(218)	(26)
Non-deductible expenses	999	91
Non-assessable income	(38)	(191)
	(2,221)	(1,170)
Current year tax losses not recognised	1,896	1,424
Prior year temporary differences not recognised now recognised	-	(254)
Movement in unrecognised temporary differences	325	-
Income tax expense	-	-

	Consolidated 2023 $'000	Consolidated 2022 $'000
Tax losses not recognised		
Unused revenue and capital losses for which no deferred tax asset has been recognised	28,133	17,181
Potential tax benefit @ 25%	7,033	4,295

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 is 25%. 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 measured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on this effective tax rate of 25%.

	Consolidated 2023 $'000	Consolidated 2022 $'000
Provision for income tax		
Provision for income tax	-	62

Note 9. Trade and other receivables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Trade receivables	4,424	3,059
Less: Allowance for expected credit losses	(770)	(636)
	3,654	2,423
Other receivables	153	456
	3,807	2,879

Allowance for expected credit losses
The Group has recognised a net loss of $279,000 (2022: $310,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

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	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not overdue	0.5%	0.4%	2,104	1,201	11	5
0 to 90 days overdue	1.0%	1.1%	1,049	830	10	9
90 to 180 days overdue	13.9%	15.0%	425	289	59	43
180 to 365 days overdue	53.9%	55.8%	303	355	163	198
365 days overdue	96.9%	99.2%	544	384	527	381
			4,425	3,059	770	636

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Opening balance	636	475
Additional provisions recognised	279	310
Additions through business combinations	-	89
Receivables written off during the year as uncollectable	(145)	(238)
Closing balance	770	636

Note 10. Contract assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Contract assets	39	190

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Opening balance	190	680
Additions	39	190
Transfer to trade receivables	(190)	(680)
Closing balance	39	190

Note 11. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Plant and equipment - at cost *	812	2,145
Less: Accumulated depreciation	(480)	(1,557)
Less: Impairment	-	(26)
	332	562
Motor vehicles - at cost	334	319
Less: Accumulated depreciation	(221)	(218)
	113	101
Monitoring infrastructure - at cost *	873	1,320
Less: Accumulated depreciation	(412)	(1,087)
Less: Impairment	-	(103)
	461	130
	906	793

* A number of fully depreciated assets were written-off during the year.

Note 11. 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 2021	733	-	198	931
Additions	134	-	5	139
Asset acquisition (note 27)	43	101	-	144
Disposals	-	-	(3)	(3)
Depreciation expense	(348)	-	(70)	(418)
Balance at 30 June 2022	562	101	130	793
Additions	53	54	151	258
Additions through business combination (note 27)	83	-	-	83
Transfer from customer contracts	-	-	340	340
Disposals	-	-	-	-
Depreciation expense	(366)	(42)	(160)	(568)
Balance at 30 June 2023	332	113	461	906

Note 12. Right-of-use assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Buildings - right-of-use	1,911	1,628
Less: Accumulated depreciation	(958)	(1,136)
Less: Impairment	-	(39)
	953	453

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 13 for further information on the impairment testing key assumptions.

Note 12. 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 2021	335
Additions	325
Depreciation expense	(207)
Balance at 30 June 2022	453
Additions	792
Depreciation expense	(292)
Balance at 30 June 2023	953

For other lease related disclosures, refer to:
- note 7 for interest paid on lease liabilities and expense relating to short-term leases;
- note 17 for lease liabilities;
- note 21 for maturity analysis of leases; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 13. Intangibles

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Goodwill - at cost	37,262	34,598
Less: Accumulated impairment	(27,732)	(25,432)
	9,530	9,166
Development assets - at cost	7,195	6,361
Less: Accumulated amortisation	(4,344)	(4,094)
Less: Impairment	(1,708)	(1,702)
	1,143	565
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(14)	(11)
	9	12
Customer contracts - at cost	47,357	47,208
Less: Accumulated amortisation	(33,134)	(27,181)
Less: Accumulated impairment	(828)	(828)
	13,395	19,199
	24,077	28,942

Note 13. 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 2021	9,166	613	14	19,014	28,807
Additions	-	89	-	583	672
Additions through asset acquisition (note 27)	-	-	-	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
Additions	-	509	-	938	1,447
Additions through business combination (note 27)	2,664	106	-	-	2,770
Impairment of assets (note 7)	(2,300)	(6)	-	-	(2,306)
Transfers to monitoring infrastructure	-	-	-	(340)	(340)
Transfer in/out	-	168	-	(168)	-
Amortisation expense	-	(199)	(3)	(6,234)	(6,436)
Balance at 30 June 2023	9,530	1,143	9	13,395	24,077

Impairment testing
The Group has judged it to be appropriate to consolidate the identifiable CGUs into SA, NSW and MTG. 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 and extrapolated for a further four years using a steady growth rate which has 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 2023 %	Projected revenue growth rate 2022 %	Net margin 2023 %	Net margin 2022 %	Pre-tax discount rate 2023 %	Pre-tax discount rate 2022 %	Terminal growth rate 2023 %	Terminal growth rate 2022 %
Cash generating units:								
SA	7.5%	3.7%	20.1%	24.0%	15.3%	16.3%	0.7%	0.7%
NSW	27.0%	1.6%	25.7%	29.2%	15.3%	16.3%	0.7%	0.7%
MTG	4.4%	-	12.2%	-	15.3%	-	0.7%	-

Note 13. 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 inclusion of AIS wholesale lines in the NSW CGU for FY24, expected industry performance, efficiencies of consolidation of the databases, acquisitions and organic growth. Estimated potential future risks have been considered within the forecast of revenue growth.
Net margin	The net margin for the SA and NSW monitoring CGUs is below the prior year net margins for the CGUs due to modest forecast monitoring price increases and the effects of current inflation on the costs. The net margin for the MTG CGU is lower than the monitoring CGUs as this margin is predominantly on equipment sales and minimal monitoring revenue.
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	
	2023 $'000	2022 $'000
Monitoring:		
SA	1,170	1,170
NSW	7,996	7,996
MTG	2,068	-
	11,234	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 43.6% for the SA CGU and 13.4% for the NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant; revenue growth would need to increase by 7.8% for the MTG CGU for goodwill not to be impaired, with all other assumptions remaining constant;
- the pre-tax discount rate would be required to increase by 35.5% for the SA CGU and 12.3% for the NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant; the pre-tax discount rate would be required to decrease by 6.0% for the MTG CGU for goodwill not to be impaired, with all other assumptions remaining constant;
- net margin would need to decrease by 19.1% for the SA CGU and 13.5% for the NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant; net margin would need to increase by 7.0% for the MTG CGU for goodwill not to be impaired, with all other assumptions remaining constant and
- terminal growth rate would need to decrease by 121.0% for the SA CGU and 29.9% for the NSW CGU before goodwill would need to be impaired, with all other assumptions remaining constant; terminal growth rate would need to increase by 7.8% for the MTG CGU for goodwill not to be impaired, with all other assumptions remaining constant.

Note 14. Trade and other payables

	Consolidated	
	2023	2022
	$'000	$'000
Current liabilities		
Trade payables	1,424	462
Accrued expenses	1,025	853
Payable to ATO *	2,893	4,723
Other payables	589	748
	5,931	6,786

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

Refer to note 21 for further information on financial instruments.

Note 15. Contract liabilities

	Consolidated	
	2023	2022
	$'000	$'000
Current liabilities		
Contract liabilities	543	769

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	769	848
Transfer to revenue - included in the opening balance	(769)	(848)
Transfer to revenue - other balances	543	769
Closing balance	543	769

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 $543,000 as at 30 June 2023 ($769,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023	2022
	$'000	$'000
Within 6 months	513	725
6 to 12 months	30	44
	543	769

Note 16. Borrowings

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Other short-term borrowings	43	123
Borrowings - Ares SSG Capital Management	25,341	27,278
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	3,736	3,095
	29,120	30,496

Refer to note 21 for further information on financial instruments.

Borrowings - Ares SSG Capital Management
During the year $3,000,000 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 14.265% (30 June 2022: 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.

On 1 August 23 the loan to Ares Capital Management was settled in full. The settlement paid was $29,501,346 which included all accrued interest and redemption and repayment premiums until settlement date. The loan settlement was funded by a new 3 year $80m debt facility with Tor Investment Management, the remainder of the new debt facility to fund the acquisition of Tyco Australia Group Pty Ltd (refer note 34 'Events after the reporting period' for more details)

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 2023 $'000	Consolidated 2022 $'000
Total facilities		
Other short-term borrowings	43	123
Borrowings - Ares SSG Capital Management	25,341	27,278
	25,384	27,401
Used at the reporting date		
Other short-term borrowings	43	123
Borrowings - Ares SSG Capital Management	25,341	27,278
	25,384	27,401
Unused at the reporting date		
Other short-term borrowings	-	-
Borrowings - Ares SSG Capital Management	-	-
	-	-

Note 17. Lease liabilities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Lease liability	284	104
Non-current liabilities		
Lease liability	718	363

Refer to note 21 for information on the maturity analysis of lease liabilities.

Note 18. Provisions

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Employee benefits provision	1,300	1,469
Restructuring provision	93	137
	1,393	1,606
Non-current liabilities		
Employee benefits provision	135	109

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 - 2023	Restructuring $'000
Carrying amount at the start of the year	137
Amounts used	(44)
Carrying amount at the end of the year	93

Note 19. Issued capital

	Consolidated 2023 Shares	Consolidated 2022 Shares	Consolidated 2023 $'000	Consolidated 2022 $'000
Ordinary shares - fully paid	188,181,145	122,700,295	84,859	76,006

Note 19. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 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)	$0.000	-
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		-	$0.000	(3,227)
Balance	30 June 2022	122,700,295		76,006
Shares issued on acquisition of Mammoth Technology Group	4 July 2022	8,000,000	$0.090	720
Shares issued	26 June 2023	57,480,850	$0.160	9,197
Transaction costs				(1,064)
Balance	30 June 2023	188,181,145		84,859

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 2022 Annual Report.

Note 20. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Share-based payments reserve	762	625

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.

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 2021	391
Share-based payment expense	234
Balance at 30 June 2022	625
Share-based payment expense	254
Transferred to retained earnings	(117)
Balance at 30 June 2023	762

Note 21. 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.

Note 21. Financial instruments (continued)

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

Consolidated	2023 Weighted average interest rate %	2023 Balance $'000	2022 Weighted average interest rate %	2022 Balance $'000
Loans*	14.06%	25,341	10.75%	27,278
Net exposure to cash flow interest rate risk		25,341		27,278

* Excludes capitalised borrowing costs

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

For the Group the loans outstanding totalling $25,341,000 (2022: $27,278,000), are principal and interest payment loans. Cash outlays of approximately $661,000 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 $253,000 (2022: $273,000) 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 2024.

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.

Note 21. Financial instruments (continued)

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 - 2023	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	-	1,424	-	-	-	1,424
Other payables	-	589	-	-	-	589
Interest-bearing - variable						
Ares SSG borrowings	14.27%	25,341	-	-	-	25,341
Lease liability	9.00%	284	241	477	-	1,002
Interest-bearing - fixed rate						
Short term borrowings	-	43	-	-	-	43
Total non-derivatives		27,681	241	477	-	28,399

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

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 22. 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	
	2023	2022
	$	$
Short-term employee benefits	824,584	845,465
Post-employment benefits	68,377	65,639
Termination benefits	30,000	16,595
Share-based payments	-	111,000
	922,961	1,038,699

Note 23. Remuneration of auditors

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

	Consolidated	
	2023	2022
	$	$
Audit services - BDO Audit Pty Ltd (2022: BDO Audit (WA) Pty Ltd)		
Audit or review of the financial statements	199,500	157,015

Note 24. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 25. Related party transactions

Parent entity
Intelligent Monitoring Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties
On 16 January 2023 Black Crane Asia Pacific Opportunities Fund, a related party of the Company by virtue of it being controlled by Director Peter Kennan, provided a short-term facility of $1,575,000 to the Company. The terms were for up to 9.5 months from drawdown to provide operating funds and working capital. A loan facility fee of $75,000 was paid on 17 January 2023. Interest accrued at 8% monthly on the outstanding amount. The short term loan was settled in full on 13 June 2023, settlement amounted to $1,630,683 which included the accrued interest until settlement date.

Note 25. Related party transactions (continued)

The following transactions occurred with related parties:

	Consolidated 2023 $	Consolidated 2022 $
Goods and services:		
Sale of services to key management personnel	219	840
Employment of spouses and children of key management personnel(Group expense):		
Payment for services from child of key management personnel	484	22,949
Loan from related parties:		
Short term loan from Black Crane to provide operating funds and working capital	1,575,000	-
Payment for other expenses:		
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.		
- Strategic financial advisory services	350,000	-
- Debt capital advisory services	300,000	-
- Advisory services in relation to capital raise	-	600,000
- Underwriting in relation to capital raise	600,000	1,150,000
Interest expense on Black Crane borrowing	55,683	-
Loan Facility fee on Black Crane borrowing	75,000	-

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.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except for the loan from Black Crane mentioned above.

Note 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2023 $'000	Parent 2022 $'000
Profit/(loss) after income tax	(11,857)	604
Total comprehensive loss	(11,857)	604

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2023 $'000	Parent 2022 $'000
Total current assets	4,468	3,492
Total assets	28,769	31,914
Total current liabilities	30,032	4,939
Total liabilities	30,475	31,467
Equity		
Issued capital	127,892	119,039
Share-based payments reserve	1,545	694
Accumulated losses	(131,143)	(119,286)
Total (deficiency)/equity	(1,706)	447

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 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

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 27. Business combination and asset acquisition

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 expected synergies from this business into the Group. The acquired business contributed revenues of $1,456,000 and loss after tax of $1,387,000 to the Group for the period from 4 July 2022 to 30 June 2023. The values identified in relation to the acquisition of MTG are final as at 30 June 2023.

Note 27. Business combination and asset acquisition (continued)

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 to Robert Hilton (refer to note 33)	596
	3,316
Cash used to acquire asset, 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 Robert Hilton	(596)
Net cash used	1,921

Note 27. Business combination and asset acquisition (continued)

Advanced Inland Security Pty Ltd ('AIS')

In the previous financial year, 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.

	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 business, 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 28. 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 2023 %	Ownership interest 2022 %
Threat Protect Group Pty Ltd	Australia	100%	100%
Threat Protect Security Services Pty Ltd	Australia	100%	100%
Chipla Holdings Pty Ltd	Australia	100%	100%
Mammoth Security 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%	100%
Mammoth Technology Group Pty Ltd	Australia	100%	-
Seekers Security & Management Pty Ltd **	Australia	-	100%
Alpha Alarms Pty Ltd **	Australia	-	100%
Alarm Monitoring Pty Ltd ***	Australia	-	100%

Note 28. Interests in subsidiaries (continued)

* Name was changed from VIP Security Industries Pty Ltd on 22 June 2022
** Deregistered on 9 September 2022
*** Deregistered on 30 August 2021

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023 $'000	2022 $'000
Loss after income tax expense for the year	(11,857)	(4,177)
Adjustments for:		
Depreciation and amortisation	7,296	6,269
Impairment of assets	2,306	-
Impairment/(recovery) of receivables	317	310
Non-cash other income	(296)	(104)
Debt forgiveness from First Samuel Limited	-	(3,856)
Borrowing costs capitalised	642	1,834
Interest capitalised to borrowings	1,062	1,488
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,392)	(316)
Decrease/(increase) in finished goods	(59)	44
Decrease in prepayments	289	18
Decrease in trade and other payables	(1,179)	(3,694)
Increase/(decrease) in other provisions	(197)	153
Net cash used in operating activities	(3,068)	(2,031)

Note 30. Non-cash investing and financing activities

	Consolidated	
	2023 $'000	2022 $'000
Additions to the right-of-use assets	792	325
Shares issued on conversion of loan	-	7,075
Shares issued in relation to business combinations	720	-
Performance rights granted in relation to business combinations	596	-
	2,108	7,400

Note 31. 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 2021	47,093	6,572	443	54,108
Net cash used in financing activities	(16,064)	(6,572)	(301)	(22,937)
Debt forgiveness	(3,856)	-	-	(3,856)
Acquisition of leases	-	-	325	325
Redemption and repayment premiums	3,322	-	-	3,322
Balance at 30 June 2022	30,495	-	467	30,962
Net cash used in financing activities	(3,079)	-	(257)	(3,336)
Acquisition of leases	-	-	792	792
Redemption and repayment premiums	1,703	-	-	1,703
Balance at 30 June 2023	29,119	-	1,002	30,121

Note 32. Earnings per share

	Consolidated 2023 $'000	Consolidated 2022 $'000
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(11,857)	(4,177)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	131,421,950	51,262,134
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,421,950	51,262,134
	Cents	**Cents**
Basic earnings per share	(9.02)	(8.15)
Diluted earnings per share	(9.02)	(8.15)

As at the reporting date, the Company had 3,700,000 (2022: 3,700,000) performance rights over ordinary shares that could potentially dilute basic earnings per share in the future, but were excluded from the calculation of diluted earnings per share because they were anti-dilutive.

Note 33. Share-based payments

Performance rights
During the year, 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. John Hallam resigned in August 2022 and forfeited performance rights. Rob Hilton performance rights ceased on 20 June 2023 due to lapse of conditional right to the securities. Dennison Hambling performance rights were valued at $277,300 and will be expensed over the vesting period.

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 performance rights.

Note 33. Share-based payments (continued)

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 $254,000 (2022: $234,000).

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

	Number of rights 2023	Weighted average exercise price 2023	Number of rights 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial 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
Ceased **	(5,000,000)	$0.000	-	$0.000
Outstanding at the end of the financial year	3,700,000	$0.000	3,700,000	$0.000
Exercisable at the end of the financial year	-	$0.000	-	$0.000

* John Hallam (previous CEO) resigned in August 2022 and forfeited performance rights.
** Performance rights issued to Robert Hilton ceased due to lapse of conditional right to securities.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.4 years (2022: 2.5 years).

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
05/12/2022	04/12/2025	$0.075	$0.000	75.00%	-	3.39%	$0.052
05/12/2022	04/12/2025	$0.075	$0.000	75.00%	-	3.39%	$0.045
05/12/2022	04/12/2025	$0.075	$0.000	75.00%	-	3.39%	$0.037

Note 34. Events after the reporting period

On 18 July 2023, the Company completed an equity raising via an accelerated non-renounceable Entitlement Offer. A total of $5,805,185 (before transaction costs) was raised for the issue of 36,282,407 shares in the Company.

On 24 July 2023, the Company completed a top-up equity placement following the successful Entitlement Offer. A total of $2,717,489 (before transaction costs) was raised for the issue of 16,984,304 shares in the Company.

On 1 August 2023 the Company acquired all the shares in Tyco Australia Group Pty Ltd ('ADT') for the consideration of $45,000,000. ADT is a leading security monitoring provider, providing security system installation, maintenance and monitoring services to residential, commercial and medical customers across Australia and New Zealand under the "ADT" brand. The acquisition will result in the lines monitored by the Group more than doubling to 180,000 with combined recurring monthly revenue above $6,500,000.

Note 34. Events after the reporting period (continued)

The acquisition agreement allows for the working capital to be finalised within three months of the settlement date (1 August 2023). The opening trial balance will not be available until the working capital has been finalised and as such it is not possible to complete the business combination calculations or disclose the acquisition date fair value of total consideration paid.

The Group funded the acquisition and refinanced its current debt of $29,077,000 via a combination of a $80,000,000 3-year debt facility and the proceeds of a $15,000,000 equity raising.

The terms of the $80,000,000 debt facility with Tor Investment Management are:

- Cash interest rate of 10% per annum, payable quarterly
- Payment in kind (PIK) interest 5% per annum
- 3 year term until July 2026
- No capital repayments for 18 months
- Upfront fee of $2,400,000
- Cash sweep above $20,000,000 cash during 1st six months, $15,000,000 during 2nd six months and $10,000,000 after 12 months

No other matter or circumstance has arisen since 30 June 2023 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 2023 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 August 2023

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 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 2023, 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 2023 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 13 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 2023. 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 the 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 13 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 forecasted cash flows for consistency 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 13 of the financial report

Business Combination – Mammoth Technology Group Pty Ltd

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Note 27 of the financial report discloses accounting adopted by the Group in relation to its acquisition of Mammoth Technology Group Pty Ltd ('MTG') The accounting for this business combination was a key audit matter because the acquisition was material to the Group and involved significant material judgements made by the Group, including • Determination of the amount of purchase consideration for the acquisition as it involved cash, shares and performance rights; • Estimates of the fair value of assets and liabilities acquired, in particular whether there were any previously unidentified assets by MTG that should have been recognised on acquisition.	Our procedures included, but were not limited to the following: • Reading the purchase agreements to understand the terms and condition of the acquisition and evaluating management's application of the relevant accounting standards; • Obtaining an understanding of the transaction including an assessment of whether the transaction constituted a business or an asset acquisition; • Assessing how the Group identified and estimated the fair value of the assets and liabilities; and • Assessing the adequacy of the Group's disclosures of the acquisition

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 2023, 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 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 on pages 7 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Intelligent Monitoring Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, 30 August 2023

The shareholder information set out below was applicable as at 23 August 2023.

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	303	0.03
1,001 to 5,000	92	0.10
5,001 to 10,000	40	0.13
10,001 to 100,000	208	3.70
100,001 and over	125	96.04
	768	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	147,596,534	61.13
HSBC Custody Nominees (Australia) Limited	11,496,731	4.76
Mammoth Innovation Pty Ltd	8,250,000	3.42
J P Morgan Nominees Australia Pty Limited	6,784,704	2.81
First Samuel Ltd Acn 086243567	4,694,584	1.94
MMS1 Pty Ltd	4,122,856	1.71
Mr Kenneth Joseph Hall	4,000,000	1.66
National Nominees Limited	2,549,389	1.06
Orpheo Investments Pty Ltd	2,062,500	0.85
Lukanna Pty Ltd	2,000,000	0.83
Austral Capital Pty Ltd	1,562,500	0.65
BNP Paribas Nominees Pty Ltd	1,512,445	0.63
Mr Darryl Leonard Goode & Mrs Lynette Evelyn Goode	1,325,000	0.55
Bond Street Custodians Limited	1,124,148	0.47
Mr David Frederick Oakley	1,110,000	0.46
FLST Pty Ltd	1,095,000	0.45
Betken Investments Pty Ltd	1,000,000	0.41
Navigator Australia Ltd	996,086	0.41
Mr Hugh Jonathan Green	910,000	0.38
Patner Pty Ltd	883,125	0.37
	205,075,602	84.95

Unquoted equity securities

There are no unquoted equity securities.

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	137,605,670	56.99

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.