



## 1. Company details

Name of entity:	Intelligent Monitoring Group Limited
ABN:	36 060 774 227
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

## 2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	decreased by	5.1%	to	12,181
Loss from ordinary activities after tax attributable to the owners of Intelligent Monitoring Group Limited	decreased by	90.5%	to	(550)
Loss for the half-year attributable to the owners of Intelligent Monitoring Group Limited	decreased by	90.5%	to	(550)

### Dividends

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

### Comments

The loss for the Group after providing for income tax amounted to \$550,000 (31 December 2020: \$5,813,000).

For further details refer to 'HY22 Half-Year Report and Commentary' that follows this Appendix 4D.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(45.19)	(2,345.00)

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

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividend reinvestment plans

Not applicable.

## 7. Details of associates and joint venture entities

Not applicable.



## 8. Foreign entities

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

Not applicable.

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## 9. Audit qualification or review

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

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

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## 10. Attachments

*Details of attachments (if any):*

The Half-Year Report of Intelligent Monitoring Group Limited for the half-year ended 31 December 2021 is attached.

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## 11. Signed

As authorised by the Board of Directors

Signed  \_\_\_\_\_

Dennison Hambling  
Deputy Chairman and Executive Director

Date: 28 February 2022



# **Intelligent Monitoring Group Limited**

**(Formerly known as Threat Protect Australia Limited)**

**ABN 36 060 774 227**

## **Half-Year Report - 31 December 2021**

**Intelligent Monitoring Group Limited**  
**(Formerly known as Threat Protect Australia Limited)**  
**Contents**  
**31 December 2021**



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'The Group' or 'Group') consisting of Intelligent Monitoring Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2021.

### Directors

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

Peter Kennan	Non-Executive Chairman (appointed Chairman on 9 July 2021. Previously Non-Executive Director)
Dennison Hambling	Deputy Chairman and Executive Director (previously Non-Executive Director. Appointed as Deputy Chairman on 9 July 2021 and appointed as Executive Director on 13 August 2021)
Dimitri Bacopanos	Non-Executive Director
Derek La Ferla	Non-Executive Chairman (resigned as Chairman on 9 July 2021 and resigned as a Director on 30 September 2021)

### Principal activities

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

### Review of operations

Revenue from ordinary activities amounted to \$12,181,000 (31 December 2020: \$12,838,000). The reduction on the comparative period resulted from lower ad hoc guarding work available and due to reduced monitoring revenue and rebates.

Focus on productivity and efficiency activities has improved the operating performance of the group. The loss for the Group after providing for income tax amounted to \$550,000 (31 December 2020: \$5,813,000). The improvement in profitability was due to reduced business acquisition and integration costs and lower amortisation of intangible assets when compared to the prior year. In addition, as part of the debt restructure following the equity raising, \$3,800,000 of a loan was forgiven.

Net cash outflows resulting from operating activities amounted to \$1,623,000 (31 December 2020: net cash inflow of \$1,919,000) a downturn of \$3,542,000, due to the commencement of payment plans to the ATO and increased payments to suppliers.

There is a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern. Refer to note 2 to the financial statements for further details.

### Significant changes in the state of affairs

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

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

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

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

On 16 August 2021, a waiver was obtained for the breach of the EBITDA covenants for the facility agreement with Soliton Capital Partners Pty Ltd for the year ending 30 June 2021. The covenants are expected to be redefined with the support of the financiers.

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



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

On 28 September 2021, completed an equity raising on its Institutional offer.

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

On 1 October 2021, Rajesh Tailor was appointed as Chief Finance Officer.

On 26 October 2021, completed equity raising on its Retail offer.

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

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

### **Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Dennison Hambling  
Deputy Chairman and Executive Director

28 February 2022

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

As lead auditor for the review of Intelligent Monitoring Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Jarrad Prue**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 28 February 2022

**Intelligent Monitoring Group Limited**  
**(Formerly known as Threat Protect Australia Limited)**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Revenue from contracts with customers	4	12,181	12,838
Cost of sales - operations		(7,501)	(7,340)
Cost of sales - depreciation and amortisation		(145)	(147)
Total cost of sales		(7,646)	(7,487)
Gross profit		4,535	5,351
Other income	5	4,682	178
<b>Expenses</b>			
Administration		(2,212)	(2,183)
Compliance and regulatory costs		(514)	(210)
Marketing and business development expenses		(197)	(276)
Marketing and business development - depreciation and amortisation		(2,894)	(3,744)
Business acquisition and integration		(139)	(973)
Impairment of receivables		(131)	(81)
Share-based payments	16	(33)	-
Finance costs	6	(3,647)	(3,875)
<b>Loss before income tax expense</b>		<b>(550)</b>	<b>(5,813)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Intelligent Monitoring Group Limited</b>		<b>(550)</b>	<b>(5,813)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Intelligent Monitoring Group Limited</b>		<b>(550)</b>	<b>(5,813)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15	(1.86)	(241.25)
Diluted earnings per share	15	(1.86)	(241.25)

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



Intelligent Monitoring Group Limited  
(Formerly known as Threat Protect Australia Limited)  
Consolidated statement of financial position  
As at 31 December 2021



		Consolidated	
	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,298	1,834
Trade and other receivables	7	1,928	1,974
Contract assets		366	680
Finished goods		68	106
Other		436	252
Total current assets		9,096	4,846
<b>Non-current assets</b>			
Property, plant and equipment		806	931
Right-of-use assets		224	335
Intangibles	8	26,124	28,807
Other		139	142
Total non-current assets		27,293	30,215
<b>Total assets</b>		36,389	35,061
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	7,448	10,780
Contract liabilities		875	848
Borrowings	10	1,533	47,093
Lease liabilities		172	301
Provisions		1,446	1,486
Total current liabilities		11,474	60,508
<b>Non-current liabilities</b>			
Borrowings	10	28,647	6,572
Lease liabilities		111	142
Provisions		89	75
Total non-current liabilities		28,847	6,789
<b>Total liabilities</b>		40,321	67,297
<b>Net liabilities</b>		(3,932)	(32,236)
<b>Equity</b>			
Issued capital	11	68,200	39,379
Reserves		424	391
Accumulated losses		(72,556)	(72,006)
<b>Total deficiency in equity</b>		(3,932)	(32,236)

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

**Intelligent Monitoring Group Limited**  
**(Formerly known as Threat Protect Australia Limited)**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2021**



<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total deficiency in equity \$'000</b>
Balance at 1 July 2020	39,379	1,874	(57,831)	(16,578)
Loss after income tax expense for the half-year	-	-	(5,813)	(5,813)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(5,813)	(5,813)
<i>Transactions with owners in their capacity as owners:</i>				
Share options expired during the half-year	-	(1,483)	1,490	7
Balance at 31 December 2020	<u>39,379</u>	<u>391</u>	<u>(62,154)</u>	<u>(22,384)</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total deficiency in equity \$'000</b>
Balance at 1 July 2021	39,379	391	(72,006)	(32,236)
Loss after income tax expense for the half-year	-	-	(550)	(550)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(550)	(550)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	28,821	-	-	28,821
Share-based payments (note 16)	-	33	-	33
Balance at 31 December 2021	<u>68,200</u>	<u>424</u>	<u>(72,556)</u>	<u>(3,932)</u>

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

**Intelligent Monitoring Group Limited**  
**(Formerly known as Threat Protect Australia Limited)**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2021**



	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	13,568	14,600
Payments to suppliers and employees (inclusive of GST)	<u>(13,893)</u>	<u>(11,525)</u>
	(325)	3,075
Interest received	3	-
Interest and other finance costs paid	(1,301)	(1,291)
Government grants received	<u>-</u>	<u>135</u>
Net cash (used in)/from operating activities	<u>(1,623)</u>	<u>1,919</u>
<b>Cash flows from investing activities</b>		
Payments for financial assets	(2)	(180)
Payments for property, plant and equipment	(90)	(228)
Payments for intangibles	(678)	(967)
Proceeds from disposal of property, plant and equipment	<u>11</u>	<u>-</u>
Net cash used in investing activities	<u>(759)</u>	<u>(1,375)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of transaction costs)	28,821	-
Repayment of borrowings	(21,975)	(2,139)
Repayment of lease liabilities	<u>-</u>	<u>(125)</u>
Net cash from/(used in) financing activities	<u>6,846</u>	<u>(2,264)</u>
Net increase/(decrease) in cash and cash equivalents	4,464	(1,720)
Cash and cash equivalents at the beginning of the financial half-year	<u>1,834</u>	<u>4,134</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>6,298</u></u>	<u><u>2,414</u></u>

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



## **Note 1. General information**

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

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

Level 1, 678 Murray Street  
West Perth WA 6005

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### **New or amended Accounting Standards and Interpretations adopted**

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

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

### **Going concern**

For the 6 months ended 31 December 2021, the Group recorded a loss after tax of \$550,000 (2020: \$5,813,000) and incurred net cash outflows from operating activities of \$1,623,000 (2020: net cash inflows of \$1,919,000). As at 31 December 2021, the Group had a deficiency in working capital of \$2,378,000 (30 June 2021: \$55,662,000).

During the first half of the year the company successfully completed a capital raise of \$32 million, and entered into arrangements with its lenders to structure its debt facilities and revise its financial covenants. (See notes 10 and 11). Consequently, the Company has adequate working capital to meet its needs.

As disclosed in note 10, during the half-year, the Company breached covenants relating to its facility agreement with Ares SSG Capital Management (formerly known as Soliton Capital Partners Pty Ltd) resulting in the need to obtain a waiver for this breach subsequent to year end.

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



## Note 2. Significant accounting policies (continued)

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

- the Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements. Repayment plans have also been entered into or are in the process of being negotiated for amounts owed to the Australian Taxation Office;
- the Directors have an appropriate plan to raise additional funds as and when required. The Company has a track record of successfully securing additional funding as and when required from both the debt and equity capital markets; and
- the Directors expect the business to trade profitably and generate positive operating cash flow.

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

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

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

## Note 3. Operating segments

### *Identification of reportable operating segments*

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

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

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

### *Intersegment transactions*

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

### *Intersegment receivables, payables and loans*

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

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

### *Unallocated items*

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



### Note 3. Operating segments (continued)

#### Operating segment information

Consolidated - 31 Dec 2021	Monitoring \$'000	Protective services \$'000	Services \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	10,053	1,729	399	12,181
<b>Total revenue</b>	<u>10,053</u>	<u>1,729</u>	<u>399</u>	<u>12,181</u>
<b>Segment result</b>	<u>4,415</u>	<u>120</u>	<u>-</u>	<u>4,535</u>
Other income				4,682
Administration expenses				(2,212)
Compliance and regulatory costs				(514)
Business acquisition and integration costs				(139)
Marketing and business development expenses				(197)
Marketing and business development - depreciation and amortisation				(2,894)
Impairment of receivables				(131)
Share-based payments				(33)
Finance costs				(3,647)
<b>Loss before income tax expense</b>				<u>(550)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(550)</u>
<b>Assets</b>				
Segment assets	<u>30,722</u>	<u>796</u>	<u>68</u>	<u>31,586</u>
Unallocated assets				4,803
<b>Total assets</b>				<u>36,389</u>
<b>Liabilities</b>				
Segment liabilities	<u>8,497</u>	<u>1,402</u>	<u>-</u>	<u>9,899</u>
Unallocated liabilities				30,422
<b>Total liabilities</b>				<u>40,321</u>



**Note 3. Operating segments (continued)**

	Monitoring \$'000	Protective services \$'000	Services \$'000	Total \$'000
<b>Consolidated - 31 Dec 2020</b>				
<b>Revenue</b>				
Sales to external customers	10,772	1,838	228	12,838
<b>Total revenue</b>	<u>10,772</u>	<u>1,838</u>	<u>228</u>	<u>12,838</u>
<b>Segment result</b>	<u>5,174</u>	<u>177</u>	<u>-</u>	<u>5,351</u>
Other income				178
Administration expenses				(2,183)
Compliance and regulatory costs				(210)
Marketing and business development expenses				(276)
Marketing and business development - depreciation and amortisation				(3,744)
Impairment of receivables				(81)
Business acquisition and integration costs				(973)
Finance costs				(3,875)
<b>Loss before income tax expense</b>				<u>(5,813)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(5,813)</u>
<b>Consolidated - 30 Jun 2021</b>				
<b>Assets</b>				
Segment assets	31,922	495	-	32,417
Unallocated assets				2,644
<b>Total assets</b>				<u>35,061</u>
<b>Liabilities</b>				
Segment liabilities	4,863	451	-	5,314
Unallocated liabilities				61,983
<b>Total liabilities</b>				<u>67,297</u>



## Note 4. Revenue

### Disaggregation of revenue

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

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
<i>Major product lines</i>		
Ongoing services	11,369	12,304
One-off services	684	459
Equipment sales	128	75
	<u>12,181</u>	<u>12,838</u>
<i>Geographical regions</i>		
Australia	<u>12,181</u>	<u>12,838</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	813	534
Services transferred over time	11,368	12,304
	<u>12,181</u>	<u>12,838</u>

## Note 5. Other income

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
Net gain on disposal of property, plant and equipment	11	-
Net gain on disposal of investments	-	33
Net gain on settlement of contingent consideration	44	50
Government grants	-	85
Debt forgiveness from First Samuel Limited (note 10)	3,856	-
Reversal of contingent consideration (note 12)	765	-
Other income	6	10
	<u>4,682</u>	<u>178</u>
Other income	<u>4,682</u>	<u>178</u>

### Government grants

During the half-year the Group received payments from the Australian Government amounting to \$nil (31 December 2020: \$85,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Group will comply with any conditions attached.

### Reversal of contingent consideration

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





## Note 6. Expenses

**Consolidated**  
**31 Dec 2021    31 Dec 2020**  
**\$'000            \$'000**

Loss before income tax includes the following specific expenses:

### *Depreciation*

Plant and equipment	174	117
Motor vehicles	-	5
Monitoring infrastructure	40	64
Buildings right-of-use assets	128	112
	<hr/>	<hr/>
Total depreciation	342	298

### *Amortisation*

Development assets	67	516
Intellectual property	2	1
Customer contracts	2,751	3,173
	<hr/>	<hr/>
Total amortisation	2,820	3,690
	<hr/>	<hr/>
Total depreciation and amortisation	3,162	3,988

### *Finance costs*

Interest and finance charges paid/payable on borrowings	3,630	3,854
Interest and finance charges paid/payable on lease liabilities	17	21
	<hr/>	<hr/>
Finance costs expensed	3,647	3,875

## Note 7. Trade and other receivables

**Consolidated**  
**31 Dec 2021    30 Jun 2021**  
**\$'000            \$'000**

### *Current assets*

Trade receivables	2,371	2,227
Less: Allowance for expected credit losses	(594)	(475)
	<hr/>	<hr/>
	1,777	1,752
	<hr/>	<hr/>
Other receivables	151	222
	<hr/>	<hr/>
	1,928	1,974
	<hr/> <hr/>	<hr/> <hr/>



## Note 8. Intangibles

	Consolidated	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	34,598	34,598
Less: Accumulated impairment	(25,432)	(25,432)
	<u>9,166</u>	<u>9,166</u>
Development assets - at cost	6,360	6,272
Less: Accumulated amortisation	(4,025)	(3,957)
Less: Impairment	(1,702)	(1,702)
	<u>633</u>	<u>613</u>
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(11)	(9)
	<u>12</u>	<u>14</u>
Customer contracts - at cost	41,592	41,545
Less: Accumulated amortisation	(24,451)	(21,703)
Less: Accumulated impairment	(828)	(828)
	<u>16,313</u>	<u>19,014</u>
	<u><u>26,124</u></u>	<u><u>28,807</u></u>

### Reconciliations

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

Consolidated	Goodwill \$'000	Development assets \$'000	Intellectual property \$'000	Customer contracts \$'000	Total \$'000
Balance at 1 July 2021	9,166	613	14	19,014	28,807
Additions	-	87	-	50	137
Amortisation expense	-	(67)	(2)	(2,751)	(2,820)
Balance at 31 December 2021	<u><u>9,166</u></u>	<u><u>633</u></u>	<u><u>12</u></u>	<u><u>16,313</u></u>	<u><u>26,124</u></u>

## Note 9. Trade and other payables

	Consolidated	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Current liabilities</i>		
Trade payables	682	1,416
Contingent consideration (note 12)	-	1,211
Accrued expenses	833	1,005
Payable to ATO	5,003	5,701
Other payables	930	1,447
	<u><u>7,448</u></u>	<u><u>10,780</u></u>

Repayment plans have been entered into and are in the process of being negotiated for amounts owing to the ATO.



## Note 10. Borrowings

	Consolidated	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Current liabilities</i>		
Unsecured note - First Samuel Limited	-	9,400
Other short-term borrowings	33	95
Borrowings - Ares SSG Capital Management (formerly known as Soliton Capital Partners)	1,500	34,572
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	-	2,986
Hire purchase	-	40
	<u>1,533</u>	<u>47,093</u>
<i>Non-current liabilities</i>		
Borrowings - Ares SSG Capital Management (formerly known as Soliton Capital Partners)	25,988	-
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	2,659	-
Borrowings - Black Crane	-	6,974
Capitalised borrowing costs - Black Crane	-	(402)
	<u>28,647</u>	<u>6,572</u>

### Total secured liabilities

Following an equity raising of \$32,047,000, the Company subsequently restructured its debt obligations:

#### Unsecured note - First Samuel Limited

During the current half-year, \$5,700,000 of the unsecured note was repaid and the balance of the loan and accrued interest remaining amounting to \$3,856,000 was forgiven to the Company.

#### Borrowings - Ares SSG Capital Management

The covenants were redefined with the financiers during the capital raise and subsequent debt restructure in the first half of the year.

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

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

During the year, the Company breached covenants relating to its facility agreement with Ares SSG Capital Management resulting in the need to obtain a waiver for this breach subsequent to year end.

#### Borrowings - Black Crane

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

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

## Note 11. Issued capital

	Consolidated			
	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Ordinary shares - fully paid	<u>66,504,167</u>	<u>240,956,278</u>	<u>68,200</u>	<u>39,379</u>



## Note 11. 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
Transaction costs		-		(3,226)
Share consolidation at 100:1	3 December 2021	(6,583,889,089)		-
Balance	31 December 2021	<u>66,504,167</u>		<u>68,200</u>

\* includes the shares issued on conversion of convertible notes

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends 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.

### Share consolidation

On 3 December 2021, the shareholders at the annual general meeting approved the 100:1 share consolidation. The consolidation occurred on 3 December 2021.

## Note 12. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	-	-
Total liabilities	-	-	-	-

Consolidated - 30 Jun 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	1,211	1,211
Total liabilities	-	-	1,211	1,211

There were no transfers between levels during the financial half-year.



## Note 12. Fair value measurement (continued)

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### *Valuation techniques for fair value measurements categorised within level 2 and level 3*

Unquoted investments have been valued using a discounted cash flow model.

The fair value of contingent consideration payable is management's estimate of the final consideration payable for each customer and business acquisition and relates to actual customer numbers and revenues expected within 12 months of acquisition date, less amounts already paid.

### *Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration \$'000
Balance at 1 July 2021	1,211
Payments	(402)
Contingent consideration no longer payable (note 5)	(765)
Net gain on settlement of contingent consideration (note 5)	(44)
	<hr/>
Balance at 31 December 2021	<hr/> <hr/> -

## Note 13. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021 and 30 June 2021.

The Group has given bank guarantees as at 31 December 2021 of \$13,000 (30 June 2021: \$13,000) as a contractual requirement relating to one of the office rental leases.

## Note 14. Related party transactions

### *Parent entity*

Intelligent Monitoring Group Limited is the parent entity.

### *Transactions with related parties*

A total of \$1,400,000 was paid to Black Crane, a related party of the Company by virtue of it being controlled by Director Peter Kennan, in relation to Black Crane's sub-underwriting commitment for the recent capital raise (\$800,000) and for advisory services in respect of the structuring and execution of the capital raise (\$600,000).

### *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.



## Note 15. Earnings per share

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(550)	(5,813)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	29,518,821	2,409,563
Weighted average number of ordinary shares used in calculating diluted earnings per share	29,518,821	2,409,563
	Cents	Cents
Basic earnings per share	(1.86)	(241.25)
Diluted earnings per share	(1.86)	(241.25)

3,700,000 (2020: NIL) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2021. These performance rights could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares for 2020 has been restated for the effect of the 100:1 consolidation completed in December 2021, in accordance with AASB 133 'Earnings per share'.

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

There were no pre and post-consolidation options on issue as at 31 December 2021 that could potentially dilute basic earnings per share in the future.

## Note 16. Share-based payments

### Performance rights

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

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

Key vesting conditions of the rights are as follows:

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



## Note 16. Share-based payments (continued)

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

	Number of performance rights 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial half-year	-	\$0.000
Granted	3,700,000	\$0.000
Outstanding at the end of the financial half-year	3,700,000	\$0.000
Exercisable at the end of the financial half-year	-	\$0.000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3 years.

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

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

## Note 17. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

On 25 February 2022, the Company entered into a binding commitment to acquire 100% of a NSW regionally based Integrated Security business for \$5 million which is expected to complete on 31 March 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Dennison Hambling  
Deputy Chairman and Executive Director

28 February 2022



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Intelligent Monitoring Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Intelligent Monitoring Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

**Responsibility of the directors for the financial report**

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

**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**

The image shows a handwritten signature in dark ink. The signature appears to be 'J Prue' written in a cursive, flowing style. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

**Jarrad Prue**

**Director**

Perth, 28 February 2022