Intelligent Monitoring Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Intelligent Monitoring Group Limited
ABN:	36 060 774 227
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	increased by	336.3%	to	55,702
Loss from ordinary activities after tax attributable to the owners of Intelligent Monitoring Group Limited	decreased by	6.0%	to	(4,307)
Loss for the half-year attributable to the owners of Intelligent Monitoring Group Limited	decreased by	6.0%	to	(4,307)

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

Comments
The loss for the Group after providing for income tax amounted to $4,307,000 (31 December 2022: $4,581,000).

For further details refer to 'HY24 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	(16.49)	(24.25)

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

4. Control gained over entities

Name of entities (or group of entities)	Tyco Australia Group Pty Ltd ('ADT')
Date control gained	1 August 2023

Refer to note 16 for further details

5. Loss of control over entities

Name of entities (or group of entities)	Advanced Inland Security Pty Ltd ('AIS')
Date control lost	30 November 2023

Refer to note 7 for further information.

6. Dividend reinvestment plans

Not applicable.

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7. Details of associates and joint venture entities

Not applicable.

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8. Foreign entities

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

Not applicable.

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9. Audit qualification or review

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

The financials statements have been audited and an unqualified opinion has been issued.

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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 2023 is attached.

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11. Signed

As authorised by the Board of Directors

Signed ______________________ Date: 29 February 2024

Dennison Hambling
Managing Director

Intelligent Monitoring Group Limited

ABN 36 060 774 227

Half-Year Report – 31 December 2023

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 half year ended 31 December 2023.

Directors

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

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

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 $55,702,000 (31 December 2022: $11,644,000). The increase on the comparative period benefited from the contribution of $42,556,000 from Tyco Australia Group Pty Ltd ('ADT') acquired on 1 August 2023.

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

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

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

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Loss before income tax benefit	(4,307)	(4,581)
Finance costs	7,378	2,895
Depreciation and amortisation in cost of sales	648	73
Depreciation and amortisation expense	3,607	3,049
EBITDA	7,326	1,436
Adjustments		
Impairment of receivables	687	224
Impairment of assets	363	-
Business acquisition and integration costs	3,505	-
Loss on sale of investment	1,270	-
Share-based payment expense/(reversal)	1,073	(9)
Adjusted EBITDA	14,224	1,651

The acquisition of ADT has improved the operating performance of the Group. Gross Profit from continuing activities for the period lifted from $4,922,000 to $26,215,000 and the Gross Profit % for the period lifted by 4.8% on the comparative prior year period. Adjusted EBITDA lifted by $12,573,000 on the comparative prior year period to $14,224,000, mainly driven by ADT's contribution of $11,696,000.

The loss for the Group after providing for income tax amounted to $4,307,000 (31 December 2022: $4,581,000).

The Group has increased finance costs compared with the prior year in line with the increased borrowing. Depreciation and amortisation expense increased against the prior year due to ADT expenses now included.

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.

The loss on sale of investment was as a result of the disposal of the Advanced Inland Security Pty Ltd ('AIS') business during the period for a consideration of $2,800,000 resulting in a loss on sale before income tax of $1,270,000.

The net cash from current operating activities amounted to $4,720,000 (31 December 2022: net cash from current operating activities of $1,424,000), an improvement of $3,296,000.

The net cash from operating activities amounted to $1,375,000 (2022: net cash used in operating activities of $900,000), an improvement of $2,275,000, mainly driven by an increase in revenue to $55,702,000 (2022: $11,644,000) during the half-year. Repayment of payment plans to the ATO amounted to $940,000 (2022: $1,085,000) for which the last monthly repayment will be in December 2024.

Net cash from financing activities amounted to $53,126,000 (2022: net cash used $833,000), generated from equity raising and the net proceeds from new borrowings after repayment of previous borrowings. This was offset by net cash used in investing activities that amounted to $50,903,000 (2022: $2,567,000). Net cash of $38,926,000 was paid for the acquisition of ADT and the remainder for investment in capital expenditure and security deposits.

The directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Significant changes in the state of affairs

On 18 July 2023, the Company completed an equity raising via an accelerated non-renounceable Entitlement Offer. A total of $5,805,000 (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 $2,717,000 (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 $41,442,000. 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 Group funded the acquisition and refinanced its debt of $29,077,000 via a combination of a $80,000,000 3-year debt facility and the proceeds of $15,002,000 equity raisings, consisting of a $9,197,000 equity raising in the prior financial year and $5,805,000 in the current financial half-year.

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 paid at settlement; and
- Cash sweep above $20,000,000 cash during first six months, $15,000,000 during the next six months and $10,000,000 after 12 months.

On 30 November 2023 the company sold Advanced Inland Security Pty Ltd ('AIS'), based in Tamworth, to Rascal Security Pty Ltd, a local security service provider for the consideration of $2,800,000.

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
Managing Director

29 February 2024

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DECLARATION OF INDEPENDENCE

BY ANDREW TICKLE

TO THE DIRECTORS OF INTELLIGENT MONITORING GROUP LIMITED

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

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

Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 29 February 2024

Intelligent Monitoring Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31 Dec 2023 $'000	Consolidated 31 Dec 2022 $'000
Revenue			
Revenue from contracts with customers	4	55,702	11,644
Cost of sales - operations		(28,839)	(6,649)
Cost of sales - depreciation and amortisation	6	(648)	(73)
Total cost of sales		(29,487)	(6,722)
Gross profit		26,215	4,922
Other income including interest received	5	100	-
Expenses			
Administration		(10,161)	(3,080)
Compliance and regulatory costs		(1,006)	(376)
Marketing and business development expenses		(1,424)	(186)
Depreciation and amortisation	6	(3,607)	(3,049)
Business acquisition and integration		(3,505)	-
Impairment of receivables		(687)	(224)
Impairment of assets	6	(363)	-
Share-based payments (expense)/reversal	18	(1,073)	9
Finance costs	6	(7,378)	(2,895)
Loss before income tax expense from continuing operations		(2,889)	(4,879)
Income tax expense		-	(1)
Loss after income tax expense from continuing operations		(2,889)	(4,880)
(Loss)/profit after income tax expense from discontinued operations	7	(1,418)	299
Loss after income tax expense for the half-year attributable to the owners of Intelligent Monitoring Group Limited		(4,307)	(4,581)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		416	-
Other comprehensive income for the half-year, net of tax		416	-
Total comprehensive income for the half-year attributable to the owners of Intelligent Monitoring Group Limited		(3,891)	(4,581)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(2,473)	(4,880)
Discontinued operations		(1,418)	299
		(3,891)	(4,581)

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

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Intelligent Monitoring Group Limited			
Basic earnings per share	17	(1.76)	(3.74)
Diluted earnings per share	17	(1.76)	(3.74)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Intelligent Monitoring Group Limited			
Basic earnings per share	17	(0.87)	0.23
Diluted earnings per share	17	(0.87)	0.23
Earnings per share for loss attributable to the owners of Intelligent Monitoring Group Limited			
Basic earnings per share	17	(2.63)	(3.51)
Diluted earnings per share	17	(2.63)	(3.51)

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

	Note	Consolidated 31 Dec 2023 $'000	Consolidated 30 Jun 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		8,867	5,269
Trade and other receivables	8	19,020	3,807
Contract assets		24	39
Inventories		4,483	820
Other		3,656	448
Total current assets		36,050	10,383
Non-current assets			
Trade and other receivables	8	2,800	-
Property, plant and equipment	9	23,636	906
Right-of-use assets	10	9,290	953
Intangibles	11	47,346	24,077
Other		86	99
Total non-current assets		83,158	26,035
Total assets		119,208	36,418
Liabilities			
Current liabilities			
Trade and other payables	12	16,865	5,931
Contract liabilities		3,104	543
Borrowings	13	1,554	29,120
Lease liabilities		2,000	284
Income tax payable		316	-
Provisions		5,914	1,393
Total current liabilities		29,753	37,271
Non-current liabilities			
Borrowings	13	74,208	-
Lease liabilities		7,599	718
Provisions		119	135
Total non-current liabilities		81,926	853
Total liabilities		111,679	38,124
Net assets/(liabilities)		7,529	(1,706)
Equity			
Issued capital	14	92,601	84,859
Reserves		6,562	762
Accumulated losses		(91,634)	(87,327)
Total equity/(deficiency)		7,529	(1,706)

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2022	76,006	625	(76,183)	448
Loss after income tax expense for the half-year	-	-	(4,581)	(4,581)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,581)	(4,581)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	556	-	-	556
Share-based payments (note 18)	-	587	-	587
Balance at 31 December 2022	76,562	1,212	(80,764)	(2,990)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	84,859	762	(87,327)	(1,706)
Loss after income tax expense for the half-year	-	-	(4,307)	(4,307)
Other comprehensive income for the half-year, net of tax	-	416	-	416
Total comprehensive income for the half-year	-	416	(4,307)	(3,891)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	7,742	-	-	7,742
Share-based payments (note 18)	-	5,384	-	5,384
Balance at 31 December 2023	92,601	6,562	(91,634)	7,529

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

	Note	Consolidated 31 Dec 2023 $'000	31 Dec 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		65,289	16,451
Payments to suppliers and employees (inclusive of GST)		(60,569)	(15,027)
Net cash from current operating activities		4,720	1,424
Interest received		10	13
Interest and other finance costs paid		(2,415)	(1,252)
Repayment of payment plans *		(940)	(1,085)
Net cash from/(used in) operating activities		1,375	(900)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	16	(38,926)	(1,921)
Payments for property, plant and equipment		(10,672)	(116)
Payments for intangibles		(89)	(475)
Payments for security deposits		(1,228)	(55)
Proceeds from disposal of property, plant and equipment		12	-
Net cash used in investing activities		(50,903)	(2,567)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)		7,742	-
Proceeds from borrowings		80,350	-
Repayment of borrowings		(29,230)	(750)
Repayment of lease liabilities		(1,336)	(83)
Borrowing transaction costs		(4,400)	-
Net cash from/(used in) financing activities		53,126	(833)
Net (decrease)/increase in cash and cash equivalents		3,598	(4,300)
Cash and cash equivalents at the beginning of the financial half-year		5,269	7,036
Cash and cash equivalents at the end of the financial half-year		8,867	2,736

* Repayment of the historic ATO debt is not a current operating activity and has been disclosed separately for 31 December 2023 and 31 December 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 half-year. The financial statements are presented in Australian dollars, which is Intelligent Monitoring Group Limited's functional and presentation currency.

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

Suite 2, 1 Tully Road
East Perth WA 6004

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. 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 6 months ended 31 December 2023, the Group recorded a loss after tax of $4,307,000 (2022: $4,581,000) and recorded net cash inflows from operating activities of $1,375,000 (2022: net cash outflows of $900,000). As at 31 December 2023, the Group had a surplus of working capital of $6,297,000 (30 June 2023: deficiency of $26,888,000).

The directors are confident that with the re-financing of the debt, which is classified as non-current and the solid cash flow forecast, there is sufficient working capital to meet the Group’s requirements, supporting the Group is a going concern.

Note 2. Material accounting policy information (continued)

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

- the directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements. Repayment plans are in place with the Australian Taxation Office and are being serviced in a timely manner;
- the directors have an appropriate plan to raise additional funds as and when required. The Company has a track record of successfully securing additional funding as and when required from both the debt and equity capital markets; and
- with the inclusion of Tyco Australia Group Pty Ltd (1 August 2023) and the disposal of Advanced Inland Securities Pty Ltd (30 November 2023) and Mammoth Technology Group Pty Ltd reducing activities to the servicing of the Bunnings contract in the cash flow, 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.

Note 3. Operating segments

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

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

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

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

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

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

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

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2023	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	38,523	957	16,222	55,702
Total revenue	38,523	957	16,222	55,702
Segment result	20,444	80	5,691	26,215
Other income including interest received				100
Administration expenses				(10,161)
Compliance and regulatory costs				(1,006)
Marketing and business development expenses				(1,424)
Depreciation and amortisation				(3,607)
Business acquisition and integration				(3,505)
Impairment of receivables				(687)
Impairment of assets				(363)
Share-based payments				(1,073)
Finance costs				(7,378)
Loss before income tax expense				(2,889)
Income tax expense				-
Loss after income tax expense				(2,889)
Assets				
Segment assets	35,665	572	15,597	51,834
Unallocated assets				67,374
Total assets				119,208
Liabilities				
Segment liabilities	6,154	216	3,314	9,684
Unallocated liabilities				101,995
Total liabilities				111,679

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2022	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	10,172	851	621	11,644
Total revenue	10,172	851	621	11,644
Segment result	4,837	69	16	4,922
Administration expenses				(3,080)
Compliance and regulatory costs				(376)
Marketing and business development expenses				(186)
Depreciation and amortisation				(3,049)
Impairment of receivables				(224)
Share-based payments				9
Finance costs				(2,895)
Loss before income tax expense				(4,879)
Income tax expense				(1)
Loss after income tax expense				(4,880)
Consolidated - 30 Jun 2023				
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. Revenue

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

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Major product lines		
Ongoing services	39,098	10,600
One-off services	15,251	713
Equipment sales	1,353	331
	55,702	11,644
Geographical regions		
Australia	39,524	11,644
New Zealand	16,178	-
	55,702	11,644
Timing of revenue recognition		
Goods and services transferred at a point in time	17,176	1,227
Services transferred over time	38,526	10,417
	55,702	11,644

Note 5. Other income including interest received

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Interest received	10	-
Other income	90	-
Other income including interest received	100	-

Note 6. Expenses

	Consolidated 31 Dec 2023 $'000	Consolidated 31 Dec 2022 $'000
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	276	207
Monitoring infrastructure	73	40
Buildings right-of-use assets	1,107	124
Total depreciation	1,456	371
Amortisation		
Development assets	166	100
Intellectual property	1	2
Customer contracts	2,632	2,968
Total amortisation	2,799	3,070
Total depreciation and amortisation	4,255	3,441
Impairment of assets		
Goodwill	363	-
Finance costs		
Interest and finance charges paid/payable on borrowings	5,658	2,408
Interest and finance charges paid/payable on lease liabilities	489	32
Other finance costs	1,231	455
Finance costs expensed	7,378	2,895

Note 7. Discontinued operations

Advance Inland Security Ltd ('AIS')

On 30 November 2023, the Group sold Advance Inland Security Ltd ('AIS'), a subsidiary of the Group, for consideration of $2,800,000 resulting in a loss on sale before income tax of $1,270,000. Whilst AIS was providing significant revenues to the Group, the entity was loss-making up to the date of sale, with future losses projected. Also, its geographical isolation in country NSW meant that it was difficult to service to the high-standards the Group sets out and was not in the Group's long-term strategy. The Group has extended a loan to Rascal Security Pty Ltd for the settlement of the disposal of AIS under the following terms: a loan in the amount of $2,800,000 and secured by a General Security Deed for collateral over all present and after-acquired property of AIS, at an interest rate of 10%, interest capitalised monthly and payable each 30 June and 31 December whilst the agreement is in place with a maturity date of 1 November 2028.

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Revenue	3,213	4,239
Cost of sales	(2,412)	(2,933)
Gross profit	801	1,306
Other income	14	54
General operating expenses	(258)	(524)
Employee benefits expense	(328)	(218)
Depreciation and amortisation expense	(377)	(319)
Total expenses	(963)	(1,061)
(Loss)/profit before income tax expense	(148)	299
Income tax expense	-	-
(Loss)/profit after income tax expense	(148)	299
Loss on disposal before income tax	(1,270)	-
Income tax expense	-	-
Loss on disposal after income tax expense	(1,270)	-
(Loss)/profit after income tax expense from discontinued operations	(1,418)	299

Cash flow information

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Net cash from operating activities	200	498
Net cash used in investing activities	-	(6)
Net cash used in financing activities	(21)	(65)
Net increase in cash and cash equivalents from discontinued operations	179	427

Note 7. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 31 Dec 2023 $'000
Cash and cash equivalents	263
Trade and other receivables	598
Other current assets	1
Property, plant and equipment	99
Intangibles	3,928
Total assets	4,889
Trade and other payables	242
Borrowings	298
Provisions	318
Total liabilities	858
Net assets	4,031

Details of the disposal

	Consolidated 31 Dec 2023 $'000
Total sale consideration	2,800
Carrying amount of net assets disposed	(4,031)
Disposal costs	(39)
Loss on disposal before income tax	(1,270)
Loss on disposal after income tax	(1,270)

Note 8. Trade and other receivables

	Consolidated 31 Dec 2023 $'000	Consolidated 30 Jun 2023 $'000
Current assets		
Trade receivables	13,836	4,424
Less: Allowance for expected credit losses	(2,029)	(770)
	11,807	3,654
Other receivables	7,213	153
	19,020	3,807
Non-current assets		
Loan receivable from Rascal Security Pty Ltd	2,800	-

Note 9. Property, plant and equipment

	Consolidated	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Non-current assets		
Plant and equipment - at cost	20,473	812
Less: Accumulated depreciation	(5,406)	(480)
	15,067	332
Motor vehicles - at cost	46	334
Less: Accumulated depreciation	(37)	(221)
	9	113
Monitoring infrastructure - at cost	813	873
Less: Accumulated depreciation	(435)	(412)
	378	461
Capital work-in-progress - at cost	8,182	-
	23,636	906

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

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Monitoring infrastructure $'000	Capital work-in-progress $'000	Total $'000
Balance at 1 July 2023	332	113	461	-	906
Additions	7,796	-	-	2,876	10,672
Additions through business combinations (note 16)	7,231	-	-	5,306	12,537
Disposals	(16)	(104)	(10)	-	(130)
Depreciation expense	(276)	-	(73)	-	(349)
Balance at 31 December 2023	15,067	9	378	8,182	23,636

Note 10. Right-of-use assets

	Consolidated	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Non-current assets		
Buildings - right-of-use	11,294	1,911
Less: Accumulated depreciation	(2,004)	(958)
	9,290	953

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.

Note 10. Right-of-use assets (continued)

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

Consolidated	Buildings $'000
Balance at 1 July 2023	953
Additions through business combinations (note 16)	9,394
Exchange differences	50
Depreciation expense	(1,107)
Balance at 31 December 2023	9,290

Note 11. Intangibles

	Consolidated 31 Dec 2023 $'000	Consolidated 30 Jun 2023 $'000
Non-current assets		
Goodwill - at cost	68,683	37,262
Less: Accumulated impairment	(28,923)	(27,732)
	39,760	9,530
Development assets - at cost	7,397	7,195
Less: Accumulated amortisation	(4,622)	(4,344)
Less: Impairment	(1,708)	(1,708)
	1,067	1,143
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(15)	(14)
	8	9
Customer contracts - at cost	202,407	47,357
Less: Accumulated amortisation	(195,896)	(33,134)
Less: Accumulated impairment	-	(828)
	6,511	13,395
	47,346	24,077

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 2023	9,530	1,143	9	13,395	24,077
Additions	-	75	-	14	89
Additions through business combinations (note 16)	30,593	15	-	-	30,608
Disposals	-	-	-	(4,276)	(4,276)
Foreign exchange differences	-	-	-	10	10
Impairment of assets	(363)	-	-	-	(363)
Amortisation expense	-	(166)	(1)	(2,632)	(2,799)
Balance at 31 December 2023	39,760	1,067	8	6,511	47,346

Note 11. Intangibles (continued)

Impairment testing
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	6.0%	7.5%	12.1%	20.1%	15.1%	15.3%	0.7%	0.7%
NSW	23.3%	27.0%	17.4%	25.7%	15.1%	15.3%	0.7%	0.7%
MTG	2.5%	4.4%	(2.0%)	12.2%	15.1%	15.3%	0.7%	0.7%

There were no impairment indicators for ADT during the half-year ended up to 31 December 2023. The annual impairment testing of goodwill acquired through the business combination will be completed at the end of the annual period.

Assumption	Approach used to determine values
Projected revenue growth rate	Management believes the projected revenue growth rate is prudent and justified, 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 31 Dec 2023 $'000	Consolidated 30 Jun 2023 $'000
Goodwill assets:		
SA	1,170	1,170
NSW	7,997	7,997
MTG	-	363
ADT	30,593	-
	39,760	9,530

Note 12. Trade and other payables

	Consolidated	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Trade payables	5,296	1,424
Accrued expenses	8,818	1,025
Payable to ATO *	1,582	2,893
Other payables	1,169	589
	16,865	5,931

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

Note 13. Borrowings

	Consolidated	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Other short-term borrowings	181	43
Borrowings - Ares SSG Capital Management	-	25,341
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	-	3,736
Accrued interest - Tor Investment Management	1,373	-
	1,554	29,120
Non-current liabilities		
Tor Investment Management	72,499	-
Accrued redemption premium - TOR Investment Management	1,709	-
	74,208	-

Borrowings - Ares SSG Capital Management
On 1 August 2023 the loan to Ares SSG Capital Management was settled in full. The settlement paid was $29,501,000 which included all accrued interest and redemption and repayment premiums until settlement date.

Borrowings - Tor Investment Management
The ARES SSG Capital Management loan settlement was funded by a $80,000,000 3 year debt facility with Tor Investment Management, and the remainder of the new debt facility was used to fund the acquisition of Tyco Australia Group Pty Ltd (refer note 16 'Business combinations' for more details).

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 paid of $2,400,000, included in capitalised borrowing costs; and
- Cash sweep above $20,000,000 cash during first six months, $15,000,000 during the next six months and $10,000,000 after 12 months.

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

Note 14. Issued capital

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $'000	30 Jun 2023 $'000
Ordinary shares - fully paid	241,447,856	188,181,145	92,601	84,859

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2021	188,181,145		84,859
Shares issued	18 July 2023	36,282,407	$0.160	5,805
Shares issued	24 July 2023	16,984,304	$0.160	2,717
Transaction costs		-		(780)
Balance	31 December 2023	241,447,856		92,601

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

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

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

Note 15. Related party transactions

Parent entity
Intelligent Monitoring Group Limited is the parent entity.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Payment for other expenses:		
Black Crane Advisors Limited is a company controlled by Mr Peter Kennan * which provided advisory services to Intelligent Monitoring Limited		
- Strategic financial advisory services (including advice in relation to re-financing, business valuation and acquisitions)	-	350,000
- Advisory services in relation to ADT acquisition	1,275,000	-

* Peter Kennan is the current Non-Executive Chairman of the Company.

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

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

Note 15. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Business combinations

Tyco Australia Group Pty Ltd
On 1 August 2023 the Company acquired all the shares in Tyco Australia Group Pty Ltd ('ADT') for the consideration of $41,442,000. 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 values identified in relation to the acquisition of ADT are provisional as at 31 December 2023 as the identification and assessment of the fair values of net assets acquired has yet to be finalised due to the complexity and size of the transaction.

Details of the acquisition are as follows:

	Fair value $'000
Current assets:	
Cash and cash equivalents	2,516
Trade and other receivables *	11,710
Other	2,495
Inventories	3,748
Non-current assets:	
Plant and equipment	7,231
Capital work-in-progress	5,306
Right-of-use assets	9,394
Intangible assets - development	15
Current liabilities:	
Trade and other payables	(16,965)
Lease liability	(9,394)
Provisions	(5,207)
Net assets acquired	10,849
Goodwill	30,593
Acquisition-date fair value of the total consideration transferred	41,442
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	41,442
Less: cash and cash equivalents	(2,516)
Net cash used	38,926

* Gross contractual receivables are $12,674,000 with an amount of $964,000 not expected to be collectable.

The Company 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 $15,002,000 equity raisings, consisting of a $9,197,000 equity raising In the prior financial year and $5,805,000 in the current financial half-year.

Note 16. Business combinations (continued)

The goodwill on acquisition recognised of $30,593,000 represents the expected synergies from this business into the Group. The acquired business contributed revenues of $42,556,000 and profit after tax of $9,611,000 to the Group for the period from 1 August 2023 to 31 December 2023. If the acquisition has occurred on 1 July 2023, the revenues would have been $51,067,000 and the profit after tax would have been $11,533,000 to the Group.

Acquisition-related costs which have not been disclosed separately in the statement of profit or loss and comprehensive income as transaction costs relating to business combinations were $nil.

Note 17. Earnings per share

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(2,889)	(4,880)
	Cents	Cents
Basic earnings per share	(1.76)	(3.74)
Diluted earnings per share	(1.76)	(3.74)

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Earnings per share for profit/(loss) from discontinued operations		
(Loss)/profit after income tax attributable to the owners of Intelligent Monitoring Group Limited	(1,418)	299
	Cents	Cents
Basic earnings per share	(0.87)	0.23
Diluted earnings per share	(0.87)	0.23

	Consolidated	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	(4,307)	(4,581)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	163,802,199	130,569,860
Weighted average number of ordinary shares used in calculating diluted earnings per share	163,802,199	130,569,860
	Cents	Cents
Basic earnings per share	(2.63)	(3.51)
Diluted earnings per share	(2.63)	(3.51)

9,700,000 (2022: 8,700,000) performance rights over ordinary shares and 18,742,991 warrants 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 2023. These performance rights and warrants could potentially dilute basic earnings per share in the future.

Note 17. Earnings per share (continued)

There were no pre and post-consolidation options on issue as at 31 December 2023 that could potentially dilute basic earnings per share in the future.

Note 18. Share-based payments

Performance rights

During the period, the Company issued 2 tranches of performance rights totalling 6,000,000 to its employee Executive Director, Dennison Hambling, following approval from shareholders at the Company's AGM held on 26 October 2023. Dennison Hambling performance rights were valued at $1,140,000 and will be expensed over the vesting period.

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

Key vesting conditions of the rights are as follows:

Tranche 1	4,500,000 performance rights subject to a service vesting condition that Dennison Hambling remains employed by the Company as at 31 December 2023.
Tranche 2	1,500,000 performance rights subject to a service vesting condition that Dennison Hambling remains employed by the Company as at 30 June 2024

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

	Number of performance rights 31 Dec 2023	Weighted average exercise price 31 Dec 2023	Number of performance rights 31 Dec 2022	Weighted average exercise price 31 Dec 2022
Outstanding at the beginning of the financial half-year	3,700,000	$0.000	3,700,000	$0.000
Granted	6,000,000	$0.000	6,850,000	$0.000
Forfeited *	-	$0.000	(1,850,000)	$0.000
Outstanding at the end of the financial half-year	9,700,000	$0.000	8,700,000	$0.000
Exercisable at the end of the financial half-year	-	$0.000	-	$0.000

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

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 0.7 years (2022: 2.3 years).

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
26/10/2023	31/12/2023	$0.190	$0.000	12.42%	-	5.00%	$0.190
26/10/2023	30/06/2024	$0.190	$0.000	12.42%	-	5.00%	$0.190

Note 18. Share-based payments (continued)

Warrants
In October 2023 the Company issued 18,742,991 warrants to three institutional investors associated with the lenders under the debt facility. 8,785,777 warrants were issued to Tor Asia Credit Opportunity Master Fund III VCC; 6,442,903 warrants were issued to Tor Investment Management LP; and 3,514,311 warrants were issued to AMAL Trustees Pty Ltd atf Longreach Direct Lending Fund. The warrants have zero exercise price and expire on 1 August 2028. The warrants were valued at $4,310,888 and will be amortised over the life of the debt facility. These amortisation costs are included in finance costs as shown on the statement of profit or loss and other comprehensive income.

Each warrant is exercisable into one fully-paid ordinary share in the Company. Subject to the receipt of any regulatory approvals, the warrants will be automatically exercised on the expiry date.

Set out below are summaries of warrants granted under the plan:

	Number of warrants 31 Dec 2023	Weighted average exercise price 31 Dec 2023
Outstanding at the beginning of the financial half-year	-	
Granted	18,742,991	$0.000
Outstanding at the end of the financial half-year	18,742,991	$0.000
Exercisable at the end of the financial half-year	-	$0.000

For the warrants 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
01/08/2023	01/08/2028	$0.230	$0.000	-	-	-	$0.230

Note 19. Events after the reporting period

No matter or circumstance has arisen since 31 December 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, 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 2023 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
Managing Director

29 February 2024

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Intelligent Monitoring Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 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 2023 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.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, 29 February 2024