

**AVA RISK GROUP LIMITED
ABN 67 064 089 318
AND CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020.

Appendix 4D

Half Year Report for the six months to 31 December 2020

Name of entity Ava Risk Group Limited

ABN or equivalent company reference: 67 064 089 318

1. Reporting period

Report for the half year ended: 31 December 2020

Previous corresponding periods: Financial year ended 30 June 2020
 Half-year ended 31 December 2019

2. Results for announcement to the market

Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	72%	to	35,159,000
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	1,071%	to	11,028,000
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	1,071%	to	11,028,000
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Special dividend (23 October 2020)	1 ¢		Nil ¢	
Special dividend (10 March 2021)	2 ¢		Nil ¢	
Interim dividend	Nil ¢		Nil ¢	
Final dividend	Nil ¢		Nil ¢	
Previous corresponding period	Nil ¢		Nil ¢	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	Special dividend – 24 September 2020 Special dividend – 10 February 2021			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>): The special dividends reported above are unfranked.				

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	9.4 cents	3.5 cents

Rule 4.2A.3

4. Details of entities over which control has been gained or lost during the period: *(item 4)*

Control gained over entities

Name of entities <i>(item 4.1)</i>	Not applicable	
Date(s) of gain of control <i>(item 4.2)</i>	Not applicable	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired <i>(item 4.3)</i>	\$ Nil	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period <i>(item 4.3)</i>	\$ Nil	

Loss of control of entities

Name of entities <i>(item 4.1)</i>	Future Fibre Technologies Europe AG	
Date(s) of loss of control <i>(item 4.2)</i>	Company deregistered.	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost <i>(item 4.3)</i> .	\$ 31,359	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period <i>(item 4.3)</i>	(\$1,419)	

Rule 4.2A.3

5. Dividends (item 5)

	Date of payment	Total amount of dividend
Special dividend	23 October 2020	\$2,391,795
	10 March 2021	\$4,832,588
Interim dividend year ended 30 June 2020	N/A	\$ Nil
Final dividend year ended 30 June 2020	N/A	\$ Nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign-sourced dividend
Total dividend:			
Current year (23 October 2020)	1 ¢	Nil ¢	Nil ¢
Current year (10 March 2021)	2 ¢	Nil ¢	Nil ¢
Previous year	Nil ¢	Nil ¢	Nil ¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	2,392	Nil
Preference securities (each class separately)	Nil	Nil
Other equity instruments (each class separately)	Nil	Nil
Total	2,392	Nil

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

Rule 4.2A.3

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	%Securities held
N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2020 \$	2019 \$
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

9. Independent review of the financial report (item 9)

(Select appropriate option)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (item 9)

N/A

Intentionally left blank

Ava Risk Group Limited
(A.C.N. 064 089 318)
and controlled entities

**CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

This half-year condensed financial report is to be read in conjunction with the financial report for the year ended 30 June 2020

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DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Ava Risk Group Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2020 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

Directors' Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of Directorship
D Cronin (Chairman)	Appointed 10 April 2018
M Stevens (Non-Executive Director)	Appointed 11 March 2015
M McGeever (Non-Executive Director)	Appointed 8 August 2018
R Broomfield (Executive Director)	Appointed 27 February 2008
S Basham (Executive Director)	Resigned 9 July 2020

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

Highlights

- Revenue from ordinary activities of \$35.159 million for the 6 months to 31 December 2020 (HY2021):
 - 72% increase on HY2020 (\$14.713 million) with revenues up by \$9.243 million in the Services Division. Perimeter Security and Access Control contributed an additional \$5.470m of sales revenue with strong revenues from the Indian Ministry of Defence Contract (MoD) and the Australian Department of Defence, despite Covid-19 delays to underlying sales;
 - Licence fees from the Indian MOD project, have contributed \$7.726 million of revenue and gross margin (HY2020: \$1.343 million);
 - 31 December 2020 sales orders backlog of \$3.4 million (HY2020: \$16.7 million), inclusive of the Indian MOD project.

Gross margin of 57% (HY2020: 49%) as a result of higher revenue margin in the International Valuable Logistics (Services) division and improved margins in the Technology division driven by favourable margin on the Indian MoD licence fee income.

Operating expenses excluding depreciation, amortisation and interest are \$8.637 million (HY2020 \$7.811 million).

- Net profit from ordinary activities up to \$11.028 million (HY2020: \$0.942 million) driven by:
 - Increase of \$4.020 million profit in Perimeter Security underpinned by the Indian MoD contract;
 - Strong demand for International Valuable Logistics services in the first six months contributing to an increase of \$3.320 million profit in the Services Division; and
 - Access Control Solutions reporting a profit of \$2.135 million as a result of 109% growth in revenue (HY2020: \$0.611 million loss);
- The Board declared a Special dividend of \$0.01 per share, paid on 23 October 2020.
- As at 31 December 2020, the balance sheet has net assets of \$34.075 million (FY2020 \$25.415 million) with no external debts or borrowings.

DIRECTORS' REPORT

Events after the Balance sheet date

Dividends

On 29 January 2021, the Group announced a Special dividend of \$0.02 per share on ordinary shares. The dividend has a record date of 10 February 2021 and will be paid on 10 March 2021.

Other than the changes noted above there has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- a) the operations subsequent to 31 December 2020, of the consolidated entity, or
- b) the results of those operations, or
- c) the state of affairs, subsequent to 31 December 2020, of the consolidated entity.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

This report is made in accordance with a resolution of directors.



David Cronin
Chairman
26 February 2021

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Ava Risk Group Limited

As lead auditor for the review of Ava Risk Group Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ava Risk Group Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Richard Bembridge'.

Richard Bembridge
Partner
26 February 2021

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER

		Consolidated	
	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue and other income			
Revenue from contracts with customers	4	35,159	20,446
Other income	4	613	9
		35,772	20,455
Less: Expenses			
Cost of raw materials and consumables used		(14,973)	(10,457)
Employee benefit expenses		(5,812)	(5,084)
Research and development		(594)	(439)
Advertising and marketing		(71)	(104)
Travel and entertainment		(104)	(462)
Facilities and office		(268)	(344)
Compliance, legal, and administration		(643)	(576)
Provision for impairment of receivables		133	(94)
Depreciation and amortisation expenses		(1,089)	(1,218)
Finance costs		(24)	(27)
Foreign exchange losses		(891)	(291)
Other expenses		(387)	(417)
		(24,723)	(19,513)
Profit for the half-year before income tax		11,049	942
Income tax expense		(21)	-
Profit for the half-year		11,028	942
Profit for the half-year attributable to: Equity holders of the parent company		11,028	942
Other comprehensive income (loss) for the half-year, net of tax <i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations, net of tax		(947)	260
Total comprehensive income for the half-year		10,081	1,202
Total comprehensive income attributable to:			
Equity holders of the parent company		10,081	1,202
Profit per share for loss attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share		4.61	0.40
Diluted earnings per share		4.45	0.39

The accompanying notes form part of these condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	13,398	7,703
Receivables		8,851	5,970
Contract assets		4,450	2,451
Inventories		3,686	3,931
Other current assets		413	272
Total Current Assets		30,798	20,327
Non-Current Assets			
Plant and equipment		592	644
Intangible assets		10,940	12,043
Right of use assets		435	654
Other non-current assets		7	12
Total Non-Current Assets		11,974	13,353
TOTAL ASSETS		42,772	33,680
LIABILITIES			
Current Liabilities			
Payables		6,148	5,392
Contract liabilities		284	431
Lease liabilities		262	305
Provisions		1,390	1,375
Total Current Liabilities		8,084	7,503
Non-Current Liabilities			
Provisions		67	53
Lease liabilities		223	408
Contract liabilities		323	301
Total Non-Current Liabilities		613	762
TOTAL LIABILITIES		8,697	8,265
NET ASSETS		34,075	25,415
EQUITY			
Contributed equity	8	59,029	58,349
Accumulated losses		(21,999)	(30,635)
Reserves		(2,955)	(2,299)
TOTAL EQUITY		34,075	25,415

The accompanying notes form part of these condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share based payment Reserve	Foreign Exchange Translation Reserve	Other Equity Reserves	Accumulated Losses	Total attributable to owners of parent	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2020	58,349	1,176	(428)	(3,047)	(30,635)	25,415	-	25,415
Profit for the year	-	-	-	-	11,028	11,028	-	11,028
Other comprehensive loss	-	-	(947)	-	-	(947)	-	(947)
Total comprehensive income (loss) for the year	-	-	(947)	-	11,028	10,081	-	10,081
Transactions with owners in their capacity as owners								
Dividends/distributions	-	-	-	-	(2,392)	(2,392)	-	(2,392)
Shares issued	694	-	-	-	-	694	-	694
Share issue costs	(14)	-	-	-	-	(14)	-	(14)
Share based payments	-	291	-	-	-	291	-	291
Total transactions with owners in their capacity as owners	680	291	-	-	(2,392)	(1,421)	-	(1,421)
Balance at 31 December 2020	59,029	1,467	(1,375)	(3,047)	(21,999)	34,075	-	34,075
At 1 July 2019	58,226	1,014	(429)	(3,047)	(35,520)	20,244	-	20,244
Effect of adoption of new accounting standards	-	-	-	-	(57)	(57)	-	(57)
At 1 July 2019 (restated)	58,226	1,014	(429)	(3,047)	(35,577)	20,187	-	20,187
Profit for the year	-	-	-	-	942	942	-	942
Other comprehensive income	-	-	260	-	-	260	-	260
Total comprehensive income for the half-year	-	-	260	-	942	1,202	-	1,202
Transactions with owners in their capacity as owners								
Share-based payments	-	81	-	-	-	81	-	81
Total transactions with owners in their capacity as owners	-	81	-	-	-	81	-	81
Balance at 31 December 2019	58,226	1,095	(169)	(3,047)	(34,635)	21,470	-	21,470

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$'000	\$'000
Cash flow from operating activities			
Receipts from customers		29,983	17,904
Receipts from government grants		626	-
Payments to suppliers and employees		(22,391)	(17,199)
Interest received		-	6
Tax paid		(13)	-
Finance costs		(24)	-
Net cash flows from operating activities		8,181	711
Cash flow from investing activities			
Payment for intangible assets		(459)	(454)
Payment for plant and equipment		(61)	(19)
Net cash flows used in investing activities		(520)	(473)
Cash flow from financing activities			
Proceeds from share issue		694	-
Share issue expense		(14)	-
Dividends paid		(2,338)	-
Payment of lease liabilities		(147)	(169)
Net cash flows used in financing activities		(1,805)	(169)
Net increase in cash and cash equivalents		5,856	69
Net foreign exchange differences on cash		(161)	(27)
Cash and cash equivalents at beginning of year		7,703	3,082
Cash and cash equivalents at end of year	7	13,398	3,124

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

1. Corporate information

The consolidated financial statements of Ava Risk Group Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 26 February 2021. Ava Risk Group Limited (the parent) is a limited company incorporated and domiciled in Australia and whose shares are publicly traded. The registered office is located at 10 Hartnett Close, Mulgrave, Victoria 3170, Australia.

The Group is principally engaged in:

- the provision of security technology products for perimeter intrusion detection solutions;
- the provision of security access control products; and
- the provision of international valuable logistics services.

2. Basis of preparation and changes to the Group's accounting policies Report

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*.

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Ava Risk Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(b) New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020. There are no new standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

(c) Going concern

The financial statements have been prepared on the going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

For the period ended 31 December 2020, the Group recorded a net profit after tax of \$11.028 million. The Group has a net asset position of \$34.075 million at reporting date inclusive of cash reserves of \$13.398 million with no external debt or borrowings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

(d) Covid-19

Despite the global challenges that have come with COVID-19 pandemic, the Group has achieved a positive financial result. Management continues to assess and have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months and that the going concern basis of accounting remains appropriate.

(e) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(f) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key assumptions and estimates

(i) Impairment of tangible and intangibles assets

The Group determines whether tangible and intangible assets are impaired at least on an annual basis by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity.

Goodwill and indefinite lived intangibles are tested for impairment on at least an annual basis. Impairment triggers include market capitalisation deficiency relative to net assets, declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is tested as part of the cash generating unit (CGU) to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made each reporting period to determine whether there is an indicator of impairment.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations, unless there is evidence to support a higher fair value less cost of disposal.

The Group has three identifiable CGUs:

- Perimeter security
- Access control solutions
- International valuable logistics

None of the CGUs had indicators of impairment and hence were not tested for impairment. No impairments were recognised for the period (2020: Nil).

(ii) Capitalisation of development costs

Judgement is required where expenditure meets the definition of development.

(iii) Amortisation of intangible assets

Judgement is required to assess the useful economic life of intangible assets. Intangible assets, including capitalised development costs that have a finite life are amortised on a systematic basis over the expected life of the asset and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

3. Related party transactions

The Consolidated Entity purchased consulting services from Pierce Group Asia Pte Ltd a related entity through Chairman and Non-Executive Director, David Cronin, for \$124,983 (HY2020: \$151,616). Accounts payable balance at 31 December 2020 totals \$46,500 (HY2020: \$43,559). The terms of these arrangements were on an arm's length basis in the normal course of business.

With the exception of the above, there have been no other related party transactions other than those between the Company and its subsidiaries during the half-year ended 31 December 2020.

4. Revenue and other income

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Revenue from contracts with customers		
Revenue from sales of goods	8,514	8,971
Revenue from licence fees	7,726	1,343
Revenue from provision of services ⁽¹⁾	18,919	10,132
Total revenue from contracts with customers	35,159	20,446
Other income		
Interest	-	6
Government Grants and incentives	602	-
Other income	11	3
Total other income	613	9
Total Revenues and other income	35,772	20,455
Timing of revenue recognition		
Goods transferred at a point in time	16,240	10,314
Services transferred over time ⁽¹⁾	18,919	10,132
Total revenue form contracts with customers	35,159	20,446

⁽¹⁾ Includes services revenues form Technology Division and Services Division.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of Ava Risk Group Limited.

The Group's segments were based on three separately identifiable products.

The Group operates in perimeter security, access control solutions and international valuable logistics, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment:

Product type	Reportable segment	Operations
Technology	Perimeter Security	Global leader in fibre optic intrusion detection systems; perimeter intrusions, oil and gas pipeline third party interference and data network tapping and tampering.
	Access Control Systems	Providing secure, reliable smart card reader and card systems, biometric solutions, electric locking and access control products.
Services	International Valuable Logistics	Global provider of secure international logistics of high-risk valuables, precious metals and currency.

Management have considered the geographical entity-wide disclosures required as per AASB 8 *Operating Segments*. Segment information for the reporting period is as follows:

(a) Reportable segments

31 Dec 2020	Perimeter Security \$'000	Access Control Solutions \$'000	International Valuable Logistics \$'000	Eliminations \$'000	Total \$'000
Revenue and other income					
External customers	12,477	4,265	18,417	-	35,159
Intersegment revenue	151	107	150	(408)	-
	12,628	4,372	18,567	(408)	35,159
Other income	498	38	77	-	613
Interest Income	13	206	-	(219)	-
	511	244	77	(219)	613
Segment revenue and other income	13,139	4,616	18,644	(627)	35,772
Depreciation and amortisation expenses	(473)	(497)	(119)	-	(1,089)
Finance costs	(20)	(17)	(206)	219	(24)
Income tax	(21)	-	-	-	(21)
EBITDA	5,971	2,443	3,748	-	12,162
Segment operating profit	5,470	2,135	3,423	-	11,028

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

31 Dec 2019	Perimeter Security \$'000	Access Control Solutions \$'000	International Valuable Logistics \$'000	Eliminations \$'000	Total \$'000
Revenue and other income					
External customers	9,233	2,039	9,174	-	20,446
Intersegment revenue	519	-	-	(519)	-
	9,752	2,039	9,174	(519)	20,446
Other income	3	-	-	-	3
Interest Income	54	6	-	(54)	6
	57	6	-	(54)	9
Segment revenue and other income	9,809	2,045	9,174	(573)	20,455
Depreciation and amortisation expenses	(525)	(394)	(299)	-	(1,218)
Finance costs	(20)	(59)	(2)	54	(27)
Income tax	-	-	-	-	-
EBITDA	1,941	(164)	404	-	2,181
Segment operating profit	1,450	(611)	103	-	942

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Eliminations' column.

(b) Geographic information	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Australia	4,719	1,952
APAC (excluding Australia)	82	789
Europe	15,488	8,506
India	8,144	2,385
MENA	687	1,356
United States of America	2,560	5,160
Rest of world	3,479	298
Total external revenue by region	35,159	20,446

In the half-year ended 31 December 2020, three customers generated revenues representing 10% or more for the Group. (HY2020, no customers).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
(c) Non-current operating assets		
Australia	9,584	10,193
United Arab Emirates	1,337	1,681
Rest of world	1,046	1,225
Total non-current assets by region	11,967	13,099
(d) Reconciliation of non-current assets		
Non-current operating assets by region	11,967	13,099
Customer contracts intangible assets ⁽¹⁾	-	242
Other non-current assets	7	12
Total non-current assets	11,974	13,353

Non-current assets for this purpose consist of property, plant and equipment, right of use assets and intangible assets.

⁽¹⁾ Customer contracts of \$242k have been excluded from the geographical split (Nil in 31 December 2020) as the asset is composed of customers from Australia and a variety of geographical regions.

6. Dividends

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash dividends to the equity holders of the parent:		
Dividends on ordinary shares declared and paid:		
Special dividend: 1 cent per share paid on 23 October 2020	2,392	-

On 29 January 2021, the Group announced a Special dividend of \$0.02 per share on ordinary shares. The proposed dividend of \$4,832,588 is expected to be paid out on 10 March 2021 and was not recognised as a liability at period end (See note 12. Subsequent Events).

7. Cash and cash equivalents

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Cash at bank and on hand	13,398	7,703

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

8. Contributed equity

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
(a) Ordinary shares		
Ordinary share capital, issued and fully paid	59,029	58,349
	Number of shares	\$'000
(b) Ordinary shares on issue		
At 1 July 2020	235,365,568	58,349
At 31 December 2020	241,379,402	59,029
(c) Movement in ordinary shares		
At 1 July 2020	235,365,568	58,349
Share issue	6,013,834	694
Share issue costs	-	(14)
At 31 December 2020	241,379,402	59,029

During the half-year ended 31 December 2020, the Group issued 6,013,834 shares representing the equity-settled share-based payment transactions.

9. Contingencies

The Ava Global performance plan which previously expired on 1 February 2021 has been renegotiated and extended. It allows for senior employees of Ava Global to share in a pooled allocation of up to 32.7% of the equity exit value of Ava Global in excess of USD\$5.3 million. In addition, the plan provides for a shared annual bonus pool of 32.7% of the net profits above USD\$372,500 that the Ava Global business unit generates for its shareholders after allowing for deduction of the bonus pool amount itself, and any other expenses, costs or taxes. The incentives are payable in cash. The performance plan expires if the executive resigns or their employment is terminated by the Company on or before 30 June 2021. Otherwise, the performance plan terminates on 30 June 2021. Other than the changes noted above, there are no changes to the contingent liabilities disclosed in the 30 June 2020 financial statements.

10. Share-based payments

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
(a) Expense arising from equity-settled share-based payment transactions		
Performance rights	203	81
Share options	88	-
Total equity-settled share-based payment expense	291	81

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

(b) Performance rights held

Date granted	Expiry date	Exercise Price (\$)	Balance at start of period	Granted during the period	Forfeited and other movements during the period	Unvested and unexercisable balance at the end of the period
1/07/2018	1/07/2020	\$0.00	112,972	-	(112,972)	-
1/07/2018	1/07/2021	\$0.00	112,972	-	-	112,972
1/07/2018	1/07/2020	\$0.00	84,176	-	(84,176)	-
1/07/2018	1/07/2021	\$0.00	84,176	-	-	84,176
23/09/2019	31/08/2021	\$0.00	528,558	-	(367,144)	161,414
23/09/2019	31/08/2022	\$0.00	528,561	-	(367,146)	161,415
28/10/2019	31/08/2021	\$0.00	468,939	-	(79,171)	389,768
28/10/2019	31/08/2022	\$0.00	468,942	-	(79,173)	389,769
31/10/2019	31/08/2021	\$0.00	339,667	-	(289,732)	49,935
31/10/2019	31/08/2022	\$0.00	339,669	-	(289,734)	49,935
31/10/2019	1/09/2020	\$0.00	600,000	-	(600,000)	-
29/10/2020	31/08/2022	\$0.00	-	176,709	-	176,709
29/10/2020	31/08/2023	\$0.00	-	176,710	-	176,710
30/10/2020	31/08/2022	\$0.00	-	426,059	-	426,059
30/10/2020	31/08/2023	\$0.00	-	426,059	-	426,059
Total			3,668,632	1,205,537	(2,269,248)	2,604,921

During the half-year ended 31 December 2020, the Company granted performance rights as part of remuneration to senior executives and key employees. The vesting conditions of the performance rights are based on key performance metrics and objectives being met. The fair value of the performance rights was based on a Black Scholes option pricing model.

CEO and Executive Director Robert Broomfield, was issued 353,419 performance rights, following approval of the shareholders at the AGM on 29 October 2020. The performance rights have a nil exercise price and are split into two equal tranches, one vesting on 31 August 2022, with the second vesting on 31 August 2023.

Senior management were issued a total of 852,118 performance rights. The performance rights have a nil exercise price and are split into two equal tranches, one vesting on 31 August 2022, with the second vesting on 31 August 2023.

The weighted average fair value of the performance rights granted during the six months ended 31 December 2020 was \$0.65.

(c) Share options held

	31 Dec 2020 Number	30 Jun 2020 Number
Outstanding at the beginning of the year	8,200,000	11,325,000
Options granted during the period	500,000	-
Options exercised during the period	(5,199,938)	-
Forfeited during the period	(62)	(3,125,000)
Outstanding and exercisable at the end of the period	3,500,000	8,200,000
Weighted average exercise price	\$0.19	\$0.16

During the six months ended 31 December 2020, the Company granted 500,000 options to the former CEO and Executive Director Scott Basham. The exercise price is \$0.15. The fair value of the options was based on a Black Scholes option pricing model. The options are split into two equal tranches, one vesting

NOTES TO THE INTERIM CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

on 31 December 2020 and the second vesting on 30 June 2021. Both tranches have an expiry date of 31 December 2021.

11. Fair value of financial instruments

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements and notes to the condensed financial report are materially the same.

12. Subsequent events

Dividends

On 29 January 2021, the Group announced a Special dividend of \$0.02 per share on ordinary shares. The dividend of \$4,832,588 will be paid on 10 March 2021.

Other than the changes noted above there has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- d) the operations subsequent to 31 December 2020, of the consolidated entity, or
- e) the results of those operations, or
- f) the state of affairs, subsequent to 31 December 2020, of the consolidated entity.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a)** The directors declare that the financial statements and notes set out on pages 4 to 16 are in accordance with the *Corporations Act 2001* including:
 - (i) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance for the half-year ended on that date.
- (b)** There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



David Cronin
Chairman
26 February 2021

INDEPENDENT AUDITOR'S REVIEW



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Independent Auditor's Review Report to the Members of Ava Risk Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ava Risk Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

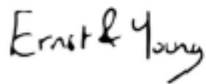
INDEPENDENT AUDITOR'S REVIEW REPORT



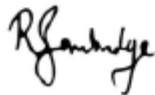
and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Richard Bembridge'.

Richard Bembridge
Partner
Melbourne
26 February 2021