AVA Risk Group Limited
and its controlled entities

Appendix 4E Preliminary Final Report
For the year ended 30 June 2024
Lodged with the ASX under Listing Rule 4.3A

ABN 67 064 089 318
ASX Code: AVA

Registered Office:
10, Hartnett Close, Mulgrave, VIC 3170, Australia
www.theavagroup.com

AVA Risk Group Limited
Appendix 4E Preliminary Final Report
ABN 67 064 089 318

Details of the reporting period and the previous corresponding period

Reporting period	Year Ended	30 June 2024
Previous Corresponding Period	Year Ended	30 June 2023

Results for announcement to the market

Consolidated	Change	% movement	Amount of change $'000	2024 30 June $'000	2023 30 June $'000
Consolidated revenue from operations	up	5%	1,544	30,145	28,601
Loss after tax attributable to shareholders	up	394%	(4,149)	(5,203)	(1,054)
EBITDA*	down	280%	(3,955)	(2,544)	1,411

* Earnings from continuing operations before interest, tax, depreciation and amortisation (unaudited).

Dividends and Distributions

Current reporting period

		Amount per share cents
Special dividend declared on 26 October 2023, paid on 15 December 2023		0.0017c
Record date	6 November 2023	

Previous corresponding period

	Amount per share cents
No dividends proposed	Nil

Details of dividends/distribution reinvestment plan

The Company does not have a dividend reinvestment plan.

Net tangible assets per security

	2024 30 June cents	2023 30 June cents
Net tangible asset backing per ordinary security	4.94c	6.03c

Control gained or lost over entities during the period

The company did not gain or lose control over entities during the period.

Details of associates and joint venture entities

The Company did not have any associated entities or joint ventures during the period.

Other significant information

Refer to the Directors' Report for details on other significant matters and information regarding the Consolidated Entity.

Commentary on significant features of operating performance

Commentary on results is included in the attached Directors' Report and the accompanying Group Financial Statements.

Compliance Statement

Audit of accounts upon which this report is based

This report is based on accounts to which have been audited (refer attached financial statements).

The financial report contains an independent audit report which is unmodified.

Date:	27 August 2024
Name:	Neville Joyce
Position:	Company Secretary

AVA Risk Group Limited

Financial Report
for the year ended
30 June 2024

Corporate Information

ABN 67 064 089 318

DIRECTORS

David Cronin, Chairman and Non-Executive Director
Mark Stevens, Non-Executive Director
Mike McGeever, Non-Executive Director
Malcolm Maginnis, Group Chief Executive Officer and Executive Director.

COMPANY SECRETARIES

Neville Joyce, Kim Larkin

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

10 Hartnett Close, Mulgrave, Victoria 3170, Australia
Telephone: +61 3 9590 3100
Facsimile: +61 3 9590 8000

INVESTOR RELATIONS

Email: investor@theavagroup.com

SHARE REGISTRY

Boardroom Pty Limited Grosvenor Place, Level 12, 225 George Street, Sydney, NSW 2000, Australia
Telephone (within Australia): 1300 737 760
Telephone (outside Australia): +61 2 9290 9600
Facsimile: +61 2 9279 0664

STOCK EXCHANGE

AVA Risk Group Limited shares are quoted on the Australian Securities Exchange (ASX).
ASX Code: AVA

BANKERS

Westpac Banking Corporation 275 Kent Street, Sydney, NSW 2000, Australia

AUDITORS

BDO Audit Pty Ltd, Level 18, Tower 4/ 727 Collins St. Docklands VIC 3008

WEBSITE

www.theavagroup.com

Information correct as at 27 August 2024.

DEAR FELLOW SHAREHOLDERS AND ASSOCIATES,

I am pleased to report to shareholders on the significant progress that Ava Risk Group Limited (Ava Risk Group / the Company) has made during FY2024 on building its position as a global leader in sensing and risk management technology. Since Mal Maginnis joined the Company as Group CEO in January 2023 the Company has focussed on enhancing its commercial capability and technology to grow revenue by increasing market share and developing adjacent applications.

In the **Detect** segment, we have continued to invest in the technology that supports the Company's product offering. Aura Ai-X is a market leading fibre optic sensing solution that has enormous versatility in its application. It is rapidly becoming a solution of choice for diverse industries ranging from telecommunications, sovereign border detection and energy infrastructure protection.

In the **Access** segment we completed product certifications for the Cobalt series locks which enabled initial stocking orders from dormakaba under its global framework agreement. Total sales order intake for Access grew by 48% on the previous year underlining the importance of the framework agreement with dormakaba. Access is well placed to continue its growth trajectory in FY2025.

In the **Illuminate** segment we have developed a new wireless solution based on LoRa which enables the integration of up to 500 devices without the need for data cables to provide a unified control and security network. The LoRa product will be launched in the market in FY2025.

The improved sophistication in our commercial capability is best demonstrated by the significant agreements that the Company progressed during FY2024. Following extensive collaboration and product trials, Ava Risk Group signed a supply agreement with Telstra Group for the supply of its technology and services to Australia's largest telecommunication provider and owner of Australia's largest fibre optic network. This is an exciting opportunity for the Company to deploy its technology to an existing fibre network, transforming the sensing capability of the network.

Ava Risk Group also entered an agreement with UGL Limited to deploy its fibre optic sensing technology on a major Sydney transportation project. Using the Company's market leading Aura Ai-X technology, Ava Risk Group's obligations on this project have been substantially delivered during FY2024. Our obligations included ensuring that Aura Ai-X received Safety Integrity Level 2 certification, a safety standard specific to railway control and protection applications. This is a globally recognised certification that ensures Aura Ai-X can be deployed to further railway protection opportunities.

Reflecting the strength of the opportunities before us, the Company undertook a successful equity raise during H2 FY2024. Ava Risk Group raised $4.3 million from an institutional placement of $3.0 million in March 2024 and $1.3 million from an oversubscribed Share Purchase Plan in May 2024. Funds raised have been used to support major contract delivery and ongoing technology development.

Total sales order intake for the Company was $35.3 million, an increase of 14% on the previous year. This has resulted in revenue and other income of $30.2 million for FY2024, an increase of 6% on the previous year. The difference between sales order intake and revenue is reflected in growth in the sales order backlog to $8.5 million, including $2.0 million in contracted ARR. Growing ARR remains a key element of Aura Ai-X market offering. Pleasingly the Company recorded positive underlying EBITDA during H2 FY2024 as revenue increased and the cost base stabilised.

The investments made in our commercial capability and technology impacted underlying EBITDA in FY2024. However, these investments have positioned the Company well for future growth. We remain committed and focused on the strategy to grow revenue and profits and have a clear path to continued growth over the next 24 months underpinned by:

- Growth in sales order intake.
- Strong sales order backlog.
- Increasing recurring revenue.
- High gross margins of 60 – 65%.
- Scalable cost base generating positive EBITDA.

Finally, I would like to thank you, our shareholders and associates, for your continued support and engagement with the Ava Group as we build a world class technology business. On behalf of my fellow Directors, I also thank the management team for their hard work, dedication, and achievements throughout FY2024.

David Cronin

Chairman

Review of Operations

I am pleased to report on the continued progress that Ava Risk Group has made towards becoming a world leader in the provision of sensing and risk management technologies.

Since joining Ava Risk Group in January 2023 my focus has been in three key areas:

- Grow our commercial capability to improve the sophistication of our sales and business development offering and target premium partners for delivery of our products and services.
- Grow revenue and market share to better leverage our cost base and improve earnings while creating a sales order backlog to improve predictability of forecast revenue.
- Ensuring our technology is market leading and provides a competitive advantage.

This has resulted in an increase in our backlog and the volume and quality of our pipeline. These two factors are the key to sustaining the achievements of this year and building on this foundation for a strong FY25.

During H1 FY2024 I completed the restructuring of our customer facing sales and technical support capability. We have invested heavily to 'upskill' these teams, reflecting the complex challenges of larger program sales which is fundamental to growing the revenue base of the business. We have seen the benefit of this investment through growth in sales order intake and backlog while establishing contracts with significant partners such as Telstra, UGL Limited, Siemens, Santos, Exxon and dormakaba. Highlights during FY2024 include:

- Sales order intake grew by 14% to $35.3 million with growth recorded in each operating segment.
- At 30 June 2024 we carried a sales order backlog of $8.5 million which represents orders received that are yet to be fulfilled. Of the backlog, $4.9 million relates to equipment for project delivery which is anticipated to be fulfilled primarily in H1 FY2025. The balance of the backlog relates to commissioning services and multi-year support contracts including contracted ARR of $2.0 million.
- In February 2024 we signed a supply agreement with Telstra for the provision of all our goods and services. This agreement represents a significant milestone in adapting our fibre optic technology to other applications such as telecommunications. By partnering with Telstra we are able to use our fibre optic technology to transform their existing fibre network into sensors. This will also open major new markets globally and demonstrates that our technology can be applied to solutions beyond security detection.
- Partnering with UGL Limited to provide intrusion detection systems to a major transport infrastructure project in New South Wales. This contract is significant as it is the first major transport project that the Company has been awarded in Australia for transport infrastructure. It follows our successful completion of a metro program in Chile in 2023. As part of this project, Aura Ai-X achieved Safety Integration Level 2, a globally recognised safety certification within the rail sector. We are now well placed to pursue further rail related opportunities both in Australia and internationally.
- Deepened our relationship with dormakaba for our Access products including the first sales orders for the distribution of our Cobalt series locks in North America. This important distribution channel is the culmination of product development and certification since signing a global framework agreement with dormakaba in December 2021. It remains a key driver of future growth within the Access segment.
- Focus on sales growth in key geographies and industry verticals. During FY2024 we received our first sales orders for Aura Ai-X perimeter detection systems with U.S. correctional facilities and received further orders in the North American energy sector. Both of these sectors remain important catalysts for growth in the North American segment.

We also continued to invest heavily in our technology across all three operating segments during FY2024. Aura Ai-X is a market leading fibre optic sensing product that has achieved significant customer uptake since its launch in March 2023. It is at the forefront of transforming the deployment of our technology from its security-based heritage to fibre sensing applications which generate sensing data for end users. Its versatility is demonstrated by the wide range of applications to which it has been deployed during FY2024 – sovereign border protection in Europe, energy infrastructure in the U.S., telecommunications in Australia. We have grown our contracted recurring revenue base to $2.0 million as a subscription model has become an integral element of the Aura Ai-X product. In addition we launched a second product within the Aura Ai-X family to cater for shorter range applications and integrate with our successful Illuminate range of sensors.

In Access, the product development and certification of the Cobalt series locks was finalised in FY2024. This enabled us to fulfill initial stocking orders with dormakaba under a global framework agreement and was a key driver of the impressive sales order growth of 48% that was recorded in FY2024. We will continue to invest in both locks and reader development in the Access business and believe that this segment can sustain its growth rate.

Development of the LoRa wireless connection solution was completed during FY2024 in the Illuminate segment. LoRa is a system that can connect up to 500 devices without the need for data cables. It incorporates devices into a unified network alongside other control, automation and security systems and offers configuration capabilities that enable intelligent responses to events. It will be launched in the market during H1 FY2025.

Financial Review

A$m	FY2023	H1 FY2024	H2 FY	FY2024	Change
Revenue and other income	28.6	14.2	16.0	30.2	1.6
Underlying EBITDA*	1.3	(0.9)	0.1	(0.9)	(2.1)
Loss after tax	(1.1)	(2.3)	(2.9)	(5.2)	(4.1)

* Underlying EBITDA is loss after tax adjusted for depreciation and amortisation, impairment of goodwill, finance expense and foreign exchange movements per Consolidated Statement of Comprehensive Income.

Revenue and Other Income of $30.2 million was $1.6 million higher than the previous year (FY2023: $28.6 million). Revenue grew in the second half compared to the first half (up by 13%) driven by improved performance in the Detect segment. Over the full year revenue growth was achieved in both Access (38%) and Illuminate (5%). Despite growth in sales order intake for Detect, revenue was slightly lower in FY2024 reflecting a subdued first half and a number of open sales orders remaining in the sales order backlog pending fulfillment in FY2025.

EBITDA loss prior to the impairment of goodwill of $0.9 million is lower than for the prior year impacted by the significant investment in both commercial and technology capability. Underlying EBITDA was positive during the second half year driven by increased revenue and a stabilised cost base following completion of business restructure activity during H1 FY2024.

An impairment charge of $1.5 million against goodwill in the Illuminate segment was recognised in FY2024. The charge is a result of lower than previously forecast (within our internal impairment testing model) performance during FY2024 for the segment which has resulted in a re-assessment of subsequent periods. In accordance with relevant accounting standards an adjustment to the carrying value of goodwill was recorded. Nonetheless I remain very confident in the future performance of the Illuminate segment, particularly its complimentary offering with Detect.

Net loss for the period was $5.2 million (FY2023 was a net loss of $1.1 million) reflecting lower EBITDA and the impairment of goodwill. The Company had a cash balance at 30 June 2024 of $5.1 million.

Outlook

The Company remains well placed to accelerate revenue and earnings growth in FY2025. Given our business capability and technology investment, earnings growth will be driven by increased revenue leveraging a stable cost base. To this end, growth catalysts exist in each of the segments to drive future revenue.

The focus in Detect is on increasing the market penetration of Aura Ai-X. We have successfully deployed this technology to multiple applications and will build on that to drive further sales in FY2025. We will consolidate our position in both the North American corrections and energy sectors. We will complete the UGL transportation project in early FY2025 and use that to position ourselves for future rail infrastructure projects, both in Australia and internationally. The successful deployment of our technology to sovereign border protection has led to a number of other opportunities in Europe and Asia which we expect to close in FY2025. We carry a strong global sales pipeline of ‘traditional’ infrastructure protection opportunities.

Our supply agreement with Telstra provides tangible evidence of the ability to use our technology in adjacent sensor-based applications. We are actively working with Telstra to generate use-cases of how our technology can be installed on Telstra’s fibre network to transform it to sensors. This is an incredibly exciting opportunity which will propel growth in Australia and provide additional opportunities in the international telecommunications sector.

Building on the strong growth in Access in FY2024, we will exploit our key distribution channels for our market leading locks. dormakaba is an important relationship to drive increased volume as it enables our products to access a global distribution network. We also continue to grow our other distribution channels particularly in Europe, U.K. and Asia Pacific. We are refreshing our reader technology and are confident that this will generate opportunities for equipment upgrades to existing customers while also attracting new customers.

The Illuminate segment provides a complimentary product offering to the Detect segment. Increasingly through FY2025 I expect to see close collaboration across the Illuminate and Detect segments to provide a more holistic solution to our customer’s requirements. It remains a priority to leverage our position in North America and Asia Pacific to grow the Illuminate segment. The anticipated launch of LoRa System in early FY2025 will provide another strong growth catalyst.

I look forward to updating you on our successes in FY2025.

Mal Maginnis
Chief Executive Officer

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The directors present their report together with the financial report of the Consolidated Entity (referred to hereafter as the “Group” or “Consolidated Entity”) consisting of AVA Risk Group Limited (referred to hereafter as the “Company” or “AVA Risk Group” or "AVA Group") and the entities it controlled for the financial year ended 30 June 2024 and auditor’s report thereon.

Directors

The names of directors in office at any time during or since the end of the year are detailed in the table below. The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Information on Company Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director of AVA Group at any time since 1 July 2023 to the date of this report is provided below with details of the company secretaries as at the year end.

Name, qualifications, and independence status	Experience, special responsibilities and other directorships
David Cronin Chairman of the Board (Appointed 31 August 2018) Non-Executive Director (Appointed 10 April 2018)	David has over 25 years professional experience and more than 15 years of international experience at the director/chairman board level. David is presently the Managing Director of the investment & consulting group Pierce Group Asia where he is responsible for its technology focussed corporate development and investment activities. Previous to his role at Pierce Group Asia, David was an investment manager for the London listed Guinness Peat Group PLC and Director of M&A for its technology focussed division. Working for several large financial and non-financial institutions, David has been involved in various advisory, executive level and board positions with several early to mid-stage technology companies. David has extensive knowledge of AVA Group and the security markets that it services. He has more than 10 years of board level experience within AVA Risk Group, having previously served as a Director and Chairman of AVA Group prior to its IPO.
Mike McGeever Non-Executive Director (Appointed 8 August 2018)	Mr McGeever has over 35 years’ experience in the military, facilities and securities sectors. Prior to his retirement in 2015, Mr McGeever was the Managing Director and founder of Transguard Group LLC, a UAE based security and facilities management company and one of the largest security companies in the world, employing 55,000 staff. Prior to that he held senior positions in a range of security and facilities focussed companies. Mr McGeever has a Master of Business Administration from the University of Portsmouth (England).

Mark Stevens Non-Executive Director (Appointed 8 August 2018)	With more than 30 years of experience in senior management roles with multi-national corporations, Mark is a seasoned executive with broad experience in sales and general management in the telecommunications and Information technology sector. Mark has held senior positions with Nortel Networks Inc., Aircom International Limited, ECI Telecom Limited, Transmode Systems AB, and more recently Infinera Corporation. He has lived and worked in Europe, the United States, Singapore and Australia. Mark holds a Master of Business Administration from the University of Melbourne, a Bachelor of Engineering degree from Monash University and is a Graduate Member of the Australian Institute of Company Directors.
Malcolm Maginnis Group Chief Executive Officer (Appointed 9 January 2023)	Mal has more than 35 years of experience in the defence, security, safety and technology industries. Most recently, Mal served as President of Rapiscan Systems from July 2017 until September 2022 – a US-headquartered global manufacturer of security equipment and systems. Prior to joining Rapiscan, Mal was head of Iveagh Technology a technology development company based in Singapore and part owner of SX Technologies, a Sydney-based detection company. He was also President of Smiths Detection from 2011 to 2014. Mal is based in Singapore.

Joint Company Secretaries

Neville Joyce

Appointed 3 November 2021

Neville is a highly experienced financial and commercial executive with proven expertise across multiple sectors including energy, mining, technology and manufacturing. With extensive experience in leadership, management and strategic financial analysis, Neville has held senior finance positions at Origin and Energy Australia including roles as Chief Financial Officer and Divisional Head of Finance. Prior to joining AVA Group, Neville was Group Chief Financial Officer at Redflex Holdings Limited from 2017 to 2021. Neville is a CPA and holds a Bachelor of Business.

Kim Larkin

Appointed 20 January 2017

Kim is an experienced business professional with 24 years' experience in the banking and finance industries and 7 years as a Company Secretary (in-house) of an ASX300 company. Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance and governance. Kim currently acts as Company Secretary to various ASX listed and unlisted companies in Australia and is the Head of Corporate Services for Boardroom Pty Limited's Queensland office.

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the number of meetings attended by each director are:

	D Cronin	M Stevens	M McGeever	M Maginnis
Board of Directors'				
Eligible to attend	12	12	12	12
Attended	12	12	12	12
Meetings of Audit & Risk				
Eligible to attend	4	4	4	-
Attended	4	4	4	-
Meetings of				
Eligible to attend	4	4	4	-
Attended	4	4	4	-

Committee Membership

As at the date of this report, the company had an Audit & Risk Committee, and a Remuneration & Nomination Committee of the Board of Directors. Members acting on the committees of the Board during the year were:

Audit Committee	Remuneration and Nomination Committee
M Stevens (Chairman)	M McGeever (Chairman)
D Cronin	D Cronin
M McGeever	M Stevens

Gender Diversity Policy

The Remuneration & Nomination Committee is responsible for setting the diversity policy of the

The Committee has established a diversity policy for the Company, which is disclosed on the Company website. Measurable objectives for achieving gender diversity have been set with the Company assessing annually both the objectives and the entity’s progress in achieving them. The Company has set an objective to ensure that the representation of women across the business is 25%.

During the year ended 30 June 2024, women represented 26% of the business. Whilst AVA Group particularly focuses on narrowing the gap in gender representation across all levels, it strives for equal development opportunities for all employees, irrespective of gender, cultural, physical capabilities, or other differences.

Directors' Interests in shares or options

As at the date of this report, the interests of the directors in the shares and performance rights of AVA Group are as detailed below:

	Number of ordinary shares	Number of performance rights
D Cronin	33,750,706	-
M Stevens	1,721,181	-
M Mc Geever	6,005,000	-
M Maginnis	333,333	2,102,482

Principal activities

The principal activities of the Consolidated Entity during the financial year were:

› the provision of security technology products for perimeter intrusion detection solutions;
› the development, manufacture and supply of high quality, high security card and biometric readers, electromechanical locks and related electronic security products; and

› manufacture and supply of professional external security and intruder detection equipment including ANPR cameras, lighting controllers and infrared and white-light LED Illuminators.

Review of operations

During FY2024 Ava Risk Group has pursued its strategy to grow revenue from its market leading technologies by increasing market share and developing new and adjacent applications. The Company has achieved a number of significant milestones on the implementation of its strategy.

In the **Detect** segment, the Company has continued to invest in its technology and commercial capability. Aura Ai-X is a market leading fibre optic sensing solution that has enormous versatility in its application. It is rapidly becoming a solution of choice for diverse industries ranging from telecommunications, sovereign border detection and energy infrastructure protection.

Product certifications for the Cobalt series locks were completed in the Access segment which enabled initial stocking orders from dormakaba under its global framework agreement. Total sales order intake for Access grew by 48% on the previous year underlining the importance of the framework agreement with dormakaba. Access is well placed to continue its growth trajectory in FY2025.

A new wireless solution ("LoRa") has been developed in the Illuminate segment which enables the integration of up to 500 devices without the need for data cables to provide a unified control and security network. The LoRa product will be launched in the market in FY2025.

The improved sophistication in our commercial capability is best demonstrated by the significant agreements that the Company progressed during FY2024. Following extensive collaboration and product trials, Ava Risk Group signed a supply agreement with Telstra Group for the supply of its technology and services to Australia's largest telecommunication provider and owner of Australia's largest fibre optic network. This is an exciting opportunity for the Company to deploy its technology to an existing fibre network, transforming the sensing capability of the network.

Ava Risk Group also entered an agreement with UGL Limited to deploy its fibre optic sensing technology on a major Sydney transportation project. Using the Company's market leading Aura Ai-X technology, Ava Risk Group's obligations on this project have been substantially delivered during FY2024. Our obligations included ensuring that Aura Ai-X received Safety Integrity Level 2 certification, a safety standard specific to railway control and protection applications. This is a globally recognised certification that ensures Aura Ai-X can be deployed to further railway protection opportunities.

Reflecting the strength of the opportunities before the Company, the Company undertook a successful equity raise during H2 FY2024. Ava Risk Group raised $4.3 million from an institutional placement of $3.0 million in March 2024 and $1.3 million from an oversubscribed Share Purchase Plan in May 2024. Funds raised have been used to support major contract delivery and ongoing technology development.

Total sales order intake for the Company was $35.3 million, an increase of 14% on the previous year. This has resulted in revenue and other income of $30.2 million for FY2024, an increase of 6% on the previous year. The difference between sales order intake and revenue is reflected in growth in the sales order backlog to $8.5 million, including $2.0 million in contracted ARR. Growing ARR remains a key element of Aura Ai-X market offering.

Review of financial performance

A$m	FY2023	H1 FY2024	H2 FY2024	FY2024	Change
Revenue and other income	28.6	14.2	16.0	30.2	1.6
Underlying EBITDA*	1.3	(0.9)	0.1	(0.9)	(2.1)
Loss after tax	(1.1)	(2.3)	(2.9)	(5.2)	(4.1)

* Underlying EBITDA is profit / (loss) after tax adjusted for depreciation and amortisation, impairment of goodwill, finance expense and foreign exchange movements per Consolidated Statement of Comprehensive Income.

Revenue and Other Income of $30.2 million was $1.6 million higher than the previous year (FY2023: $28.6 million). Revenue grew in the second half compared to the first half (up by 13%) driven by improved performance in the Detect segment. Over the full year revenue growth was achieved in both Access (38%) and Illuminate (5%). Despite growth in sales order intake for Detect, revenue was slightly lower reflecting a subdued first half and a number of open sales orders remaining in the sales order backlog pending fulfilment in FY2025.

EBITDA loss prior to the impairment of goodwill of $0.9m is lower than for the prior year impacted by the significant investment in both commercial and technology capability. Significantly Underlying EBITDA was positive during the second half year driven by increased revenue and a stabilised cost base following completion of business restructure activity during H1 FY2024.

An impairment charge of $1.5 million against goodwill in the Illuminate segment was recognised in FY2024. The charge is a result of lower than previously forecast (within the Company's internal impairment testing model) performance during FY2024 for the segment which has resulted in a re-assessment of subsequent periods. In accordance with relevant accounting standards an adjustment to the carrying value of goodwill was recorded. Nonetheless the Company remains very confident in the future performance of the Illuminate segment, particularly its complimentary offering with Detect.

Net loss for the period was $5.2 million (FY2023 was a net loss of $1.1 million) reflecting lower EBITDA and the impairment of goodwill. The Company had a cash balance at 30 June 2024 of $5.1 million.

Significant changes in the state of affairs

During the financial year the following events occurred:

The Company undertook a successful equity raise of $4.3m via an institutional placement and Share Purchase Plan.

An impairment charge of $1.5m against Goodwill in the Illuminate segment was recognised in FY2024. The charge is the result of lower than previously forecast (within the company's internal impairment testing model) performance during FY2024 for the segment which has resulted in a re-assessment of subsequent periods.

After balance date events

No matters of circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Risks Specific to the business

Intellectual Property Theft and Cyber Security threats

The Company has patents and trademarks protecting some of its intellectual property. Know-how contained in confidential documentation and software source code attributable to the intellectual property may be appropriated by a third party to the detriment of the Company.

To mitigate this risk the company imposes restrictions on coding controlled by passwords and firewalls. All network data is protected from loss by secure backup processes and remote secure storage. Staff are provided with regular updates on cyber security threats and training.

Supply Chain disruption risk

Ava Risk Group sources a number of key technology components such as laser and optical devices, and some complete products that make up its total solution provided by third parties. The global supply of these components may experience disruption.

To mitigate this risk the Company has identified its critical components and expected lead times. Where possible the Company has identified multiple suppliers of critical components. Coupled with detailed forecasts of expected demand, the Company uses this information to ensure its inventory levels are adequate to fulfil expected demand.

Cancellation or delay of infrastructure projects

The Company’s growth is dependent in part on specifications by System Integrators as part of a tender for large construction and infrastructure projects. The cancellation or delay of an infrastructure project where Ava Risk Group has been specified as the system provider could have adverse implications on future revenue.

To mitigate this risk the Company continues to develop a sales opportunity pipeline which contains both geographic and opportunity diversification.

Competition

There are some companies that sell security intrusion and access technologies. There are other large organisations that provide complex security solutions that have developed in house technologies that support security applications.

Ava Risk Group expects to face competition from such organisations, some of which may have greater financial, technical and marketing resources. Increased competition could result in margin reductions, reduced operating margins and loss of market share.

To mitigate this risk Ava Risk Group continues to invest in its core technologies to ensure that it is market leading.

Attract and retain skilled staff

Ava Risk Group's success will in part depend on its ability to hire and retain key staff.

This risk is mitigated by the Company having appropriate incentive schemes and ensuring that the Company's remuneration policy remains consistent with market demands.

Likely developments

Likely development of the operations of the Group are encompassed in the Operating and Financial Review section of this report.

Environmental regulation and performance

The Consolidated Entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws. The Group has complied with all environmental regulations to which it is subject.

Dividends recommended or declared

On 26 October 2023 the following dividends were declared:

	2024 $000	2023 $000
Special dividend at the rate of 0.0017 cents per share, paid on 15 December 2023	436	-

Share options granted to directors and executives

There were no options over unissued ordinary shares granted by AVA Risk Group during or since the financial year end to directors and executives in office.

Shares under option

There are no unissued ordinary shares of AVA Risk Group under option at the date of this report.

Performance Rights Shares (PSRs)

During the year ended 30 June 2024, the following performance rights were issued to the Directors:

	Number of PSRs issued
Malcolm Maginnis	2,935,815
Neville Joyce	377,454
Jim Viscardi	357,260
Total	**3,670,529**

The performance rights were granted to Mal Maginnis as part of remuneration time-based vesting conditions and share price hurdles.

The performance rights were granted to Neville Joyce and Jim Viscardi as part of remuneration in two equal tranches, vesting on 31 August 2025 and 31 August 2026 with vesting conditions relating to continuity of employment and achievement of share price hurdle.

During the year ended 30 June 2024, the following performance rights were issued to Non-Executive KMP. Their performance criteria was however not met, and as a result they were not delivered.

	Grant date	Number of PSRs issued
David Cronin	26 Oct 2023	200,000
Mark Stevens	26 Oct 2023	200,000
Mike McGeever	26 Oct 2023	200,000

Unissued ordinary shares of AVA Risk Group under performance rights at the date of this report are as follows:

Date the Performance rights were granted	Number of unissued ordinary shares under rights	Expiry date of the performance rights
1/09/2021	262,702	31/08/2024
28/10/2021	22,672	31/08/2024
31/01/2022	9,160	31/08/2024
6/09/2022	352,066	31/08/2024
6/09/2022	304,823	31/08/2025
9/01/2023	500,000	9/01/2025
9/01/2023	500,000	9/01/2026
9/01/2023	333,333	9/01/2025
9/01/2023	333,333	9/01/2026
26/10/2023	200,000	7/10/2024
26/10/2023	200,000	7/10/2024
26/10/2023	200,000	7/10/2024
26/10/2023	217,908	31/08/2025
26/10/2023	217,908	31/08/2026
6/09/2023	634,393	31/08/2025
6/09/2023	634,393	31/08/2026
Total	**4,922,691**	

No performance rights holder has any right under the performance rights to participate in any other share issue of the company.

Proceedings on behalf of the Consolidated Entity

No person has been granted leave of Court to bring proceedings against the Consolidated Entity.

Indemnification and Insurance of Directors and Officers

AVA Risk Group maintains a Directors and Officers insurance policy that, subject to some exceptions provides insurance cover to past, present and future directors and officers of the Consolidated Entity and its subsidiaries. The Company has paid $134,497 premium for the policy including stamp duty.

In addition, under the Constitution of the Company, and to the extent permitted by law, each director of the Company is indemnified by the Company against liability incurred to another person (other than the Company or related body corporate) except where the liability arises out of conduct involving a lack of good faith. Accordingly, each director is indemnified against any liability for costs and expenses incurred by the director in defending proceedings, whether civil or criminal, in which judgement is given in favour of the director or in which the director is acquitted, or in connection with an application in relation to such proceedings in which a court grants relief to the officer under the *Corporations Act 2001.*

Indemnification and insurance of auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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).

Remuneration Report (Audited)

The Directors present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2024. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* .

The table below lists the Executives of the Company whose remuneration details are outlined in this Remuneration Report. These Executives, together with the Directors, are defined as Key Management Personnel (KMP) under Australian Accounting Standards. In this report Executive KMP (Executives) refers to the KMP other than the Non Executive Directors. Non Executive Directors have oversight of the strategic direction of the Company but have no direct involvement in the day to day management of the business.

1. Details of key management personnel (KMP)

The table below lists the KMP of the Company whose remuneration details are outlined in this Remuneration Report.

(i) Non-Executive Directors

David Cronin	Chairman (Non-Executive) – appointed 31 August 2018 (Appointed as Non-Executive Director on 10 April 2018)
Mark Stevens	Non-Executive Director – appointed 11 March 2015
Mike McGeever	Non-Executive Director – appointed 8 August 2018

(ii) Executive Directors

Malcolm Maginnis	Group Chief Executive Officer (CEO) and Executive Director – appointed on 9 January 2023.

(iii) Other KMPs

Neville Joyce	Group Chief Financial Officer (CFO) and Company Secretary – appointed on 3 November 2021.
James Viscardi	Executive Vice President, Global Security – appointed on 1 July 2022.

2. Remuneration policies

The board policy for determining the nature and amount of remuneration of key management personnel is based on the recommendations from the Remuneration and Nomination Committee. The Remuneration and Nomination Committee comprises three members of the Board of Directors. All members are Non-Executive Directors. The CEO participates in Board decisions relating to all KMPs, except for the CEO's which is also approved at the AGM.

The Board or the Remuneration and Nomination Committee may engage external consultants to provide independent advice where it considers it appropriate to ensure that the Company attracts and retains talented and motivated directors and employees who can enhance Company performance through their contributions and leadership. During the year ended 30 June 2024 neither the Board nor the Remuneration and Nomination Committee engaged any external consultants.

2.1 Non- Executive Director remuneration arrangements

The remuneration of Non-Executive Directors (NEDs) consists of directors' fees, which includes attendance at Committee meetings. NEDs do not receive retirement benefits other than compulsory superannuation scheme contributions.

Each NED, including the Chairman receives a base fee for being a director of the Company.

As part of their remuneration NEDs may receive share options or performance rights in the Company and are encouraged to hold shares in the Company. This is in line with the Company's overall remuneration philosophy and aligns NEDs with shareholder interests.

The remuneration of NEDs for the year ended 30 June 2024 and 30 June 2023 is detailed on pages 24-25 respectively of this report.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The Company's current aggregate fee pool is $250,000 per year.

2.2 Executive remuneration arrangements

For executives the Company provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for service between the Company and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment and achievement of certain KPIs, thereby aligning executive and shareholder interests.

The table below represents the target remuneration mix for group executives in the current year. The incentives are provided at target levels.

	Fixed remuneration	At Risk (Short-Term and Long-Term Incentives)
CEO	63%	37%
CFO	67%	33%
EVP	71%	29%

(a) Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, and is reviewed annually by the Remuneration Committee to ensure that it is both appropriate to the position and is competitive in the market. Salary packages are subject to local regulatory labour laws.

(b) Short-Term Incentive (STI)

The objective of the STI program is to link the achievement of the Group's annual operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level that provides sufficient reward to the Executive KMP for exceeding the operational targets and at such a level that the cost to the Group is reasonable in the circumstances.

Actual STI payments granted to each Executive KMP depend on the extent to which specific annual operational targets set at the beginning of the financial year are met or exceeded. The CEO's targets are set by the Remuneration and Nomination Committee. The targets for all other executives are set by the CEO.

STI rewards are assessed annually by the Remuneration and Nomination Committee and are usually paid in cash and performance rights. Achievement against individual targets are assessed on an individual basis. Vesting conditions are decided upon on a case-by- case basis.

FY 2024 STI Incentives and targets

A summary of the measures and weightingsfor FY 24 are set out in the table below:

Measure	FY 24 Target	95% of target	100% of target	Delivery method
Group revenue and EBITDA Targets	$45m	10% delivered	100% delivered	Paid in cash representing 50% of the incentive plan
EBITDA	$7.1m			

Long-Term Incentive (LTI)

Long-term incentives are provided to KMPs through the issuance of performance rights. The performance rights are designed to provide long-term incentives for employees to deliver long-term shareholder returns.

The performance rights are usually issued for nil or nominal consideration and are granted in accordance with the Company's Employee Equity Incentive Plan (EIP).

Performance rights are issued for a specified period and are convertible into ordinary shares. The Performance rights typically have zero exercise price. The performance rights expire on the earlier of their expiry date or three months after termination of the employee's employment subject to Board's discretion. Performance rights do not vest until any vesting or performance criteria set at granting have been met in accordance with the terms and conditions of the EIP.

There are no voting or dividend rights attached to performance rights. Voting rights will attach to the ordinary shares when the performance rights have been exercised. Unvested performance rights cannot be transferred and will not be quoted on the ASX.

FY 2024 LTI Incentives and targets

A summary of the measures and weightings for FY 24 are set out in the table below:

Measure	FY 24 Target	Target	Delivery
Share price	Share price in August 2024 will reach 0.32c per share	100 % achievement	Performance Shares 50% deferred for one year and 50% deferred for two years

3. Executive contractual arrangements

The Company has entered into service agreements with the following key management personnel:

Malcolm Maginnis Group Chief Executive Officer (Appointed 9 January 2023)	**Contract of Employment** Malcolm Maginnis is employed by BQT Solution SEA Pte Limited (based in Singapore) as a permanent, full-time employee. His current base salary is SGD $339,500 (approx AUD $374,460) to be reviewed annually by the Remuneration Committee. He has a notice period of 3 months. **Time Vested Performance Shares (PSRs)** The contract awards 1,000,000 PSRs that vest in three equal amounts being 12, 24 and 36 months after commencement. **Performance Incentives** The contract provides for Incentive plans which are payable in half in cash and half in performance rights upon meeting pre-defined KPI's (as disclosed in Section 4) by the executive.
Neville Joyce Group Chief Financial Officer & Company Secretary Appointed 3 November 2021	**Contract of Employment** Neville Joyce is employed by AVA Risk Group as a permanent, full-time employee. Mr Joyce commenced his position with AVA Risk Group in November 2021 and is employed on a current base salary of AUD $311,496, to be reviewed annually by the Remuneration Committee. **Performance Conditions** The contract provides for Incentive plans which are payable in half in cash and half in performance rights upon meeting pre-defined KPI's (as disclosed in Section 4) by the executive.
James Viscardi Executive Vice President Global Security	**Contract of Employment** James Viscardi is employed by Future Fibre Technologies (US) Inc. as a permanent, full-time employee. Mr Viscardi commenced employment in August 2021 as Vice President - Americas. He was appointed on 1 July 2022 as Executive Vice President Global Security. His base salary is USD$252,000 (approx. AUD $377,800), to be reviewed annually by the Remuneration Committee. Where applicable, commissions on sales are paid according the sales target plan. **Performance Conditions** The contract provides for Incentive plans which are payable in half in cash and half in performance rights upon meeting pre-defined KPI's (as disclosed in Section 4) by the executive.

Remuneration of Key Management Personnel

The table below shows the realised remuneration the Group's KMPs have received during FY 2024

Note	Salary and Fees	Short-term Cash Bonuses	Other benefits[1]	Post-Employment Benefits [2]	Long Service Leave	Share-based Payment expense	Total	Performance related
Non-Executive Directors								
David Cronin	65,000	-	-	7,150	-	7,147	79,297	9%
Mark Stevens	65,000	-	-	7,150	-	7,147	79,297	9%
Mike McGeever	65,000	-	-	-	-	7,147	72,147	10%
Sub-total Non-Executive Directors	**195,000**	**-**	**-**	**14,300**	**-**	**21,441**	**230,741**	
Executive Directors and other KMPs								
Malcolm Maginnis	371,843	-	26,287	9,689	-	148,655	556,474	27%
Neville Joyce	308,625	-	25,870	33,949	5,492	15,673	389,609	4%
James Viscardi	373,326	15,437	66,245	11,110	-	7,417	473,535	5%
Sub-total executive KMP	**1,053,794**	**15,437**	**118,402**	**54,748**	**5,492**	**171,745**	**1,419,618**	
Totals	**1,248,794**	**15,437**	**118,402**	**69,048**	**5,492**	**193,186**	**1,650,359**	

1 Other benefits include Health Insurance and Annual leave.

2 Post-employment benefits include Pension and superannuation benefits.

Remuneration of Key Management Personnel

The table below shows the realised remuneration the Group's KMPs have received during FY 2023

	Note	Salary and Fees	Short-term Cash Bonuses	Other benefits [2]	Post-Employment Benefits [3]	Long Service Leave	Share-based Payment expense	Total	Performance related
Non-Executive Directors									
David Cronin		65,000	-	-	6,825	-		71,825	0%
Mark Stevens		65,000	-	-	6,825	-		71,825	0%
Mike McGeever		63,000	-	-	-	-		63,000	0%
Sub-total Non-Executive Directors		**193,000**	**-**	**-**	**13,650**	**-**	**-**	**206,650**	
Executive Directors and other KMPs									
Malcolm Maginnis	1	176,858	-	12,726	4,412	-	54,476	248,472	22%
Neville Joyce		300,000	14,157	21,378	32,458	4,997	17,418	390,408	8%
James Viscardi		356,123	75,891	57,260	11,667	-	5,849	506,790	16%
Sub-total executive KMP		**832,981**	**90,048**	**91,364**	**48,537**	**4,997**	**77,743**	**1,145,670**	
Totals		**1,025,981**	**90,048**	**91,364**	**62,187**	**4,997**	**77,743**	**1,352,320**	

1 Appointed as Group Chief Executive Officer on 9 January 2023.

2 Other benefits include Health Insurance and Annual leave.

3 Post-employment benefits include Pension and superannuation benefits.

4. Relationship between remuneration and Company

4.1 Principles of compensation

The board seeks to align the remuneration to align with the interest of the shareholders and drive performances agains short and long-term business objectives.

4.2 Remuneration dependent on satisfaction of performance condition

A portion of the Executive Remuneration is based on attainment of performance conditions. Performance-based remuneration includes short-term cash bonuses (STIs) and Performance Share Rights (PSRs). Short-term Performance-based remuneration granted to key management personnel has regard to Company performance over a 12-month period.

The following table sets out the performance conditions used for performance-linked

Financial Performance Metrics		FY 24 outcome
Group CEO	Revenue Target	not met
	EBITDA Target	not met
Group CFO	Revenue Target	not met
	EBITDA Target	not met
EVP (Global)	Revenue Target	not met
	EBITDA Target	not met
Non- Financial Performance Metrics		
Group CEO	Share price target	unvested
Group CFO	Share price target	unvested
EVP (Global)	Share price target	unvested

These performance conditions are selected to align the goals and incentives of the KMP with the creation of shareholder wealth during the relevant period.

Quantitative financial performance conditions are assessed against the Consolidated Entity's financial report for the year. Other performance conditions are assessed by the CEO, or in the case of the CEO's performance conditions, the Board giving consideration to outcomes achieved, external influences and a range of other qualitative factors. These assessments ensure clearly defined and objective assessment of financial and quantitative targets and promote fair and reasonable judgements in respect of qualitative performance conditions.

4.3 Impact of Company's performance on shareholder wealth

The following table summarises Company performance and key performance indicators

Financial Performance	2024	2023	2022	2021	2020
Earnings					
Revenue and other income ($'000)	30,218	28,637	18,961	65,714	46,640
% increase/(decrease) in revenue	6%	51%	-71%	41%	47%
Profit/(loss) before tax ($'000)	(5,203)	(1,054)	33,132	13,749	4,947
% increase/(decrease) in profit (loss) before tax	394%	-103%	141%	178%	205%
Shareholder value					
Share price $	0.11	0.20	0.18	0.38	0.16
Change in share price (%)	-45%	11%	-53%	145%	3%
Dividends to shareholders ($'000)	(436)	-	31,586	7,224	-
Return of capital ($'000)	-	-	7,566	-	-
KMP remuneration					
Total remuneration of KMPs	$ 1,650,359	$ 1,492,933	$ 14,882,343	$ 3,598,456	$ 3,052,714
Total performance-based remuneration	$ 208,623	$ 187,064	$ 13,687,206	$ 1,629,373	$ 1,185,289

5. Performance based rewards

5.1 Cash bonus provided to Executive Directors

The following table sets out the terms and conditions of each grant of the performance-linked bonuses affecting compensation in current and future years.

2024	Maximum cash bonus $	Amount awarded $	% Achieved
Malcolm Maginnis	109,197	-	0%
Neville Joyce	75,000	-	0%
James Viscardi	68,968	-	0%

None of the cash bonuses associated with these awards will be paid for FY24.

5.2 Performance rights awarded to Executive Directors

The following table summarises the results of the performance rights awarded and allocated to Executive Directors during the year ended 30 June 2024.

	Number of performance rights awarded	Grant date	Fair value at Grant date $	Vesting dates	Vesting conditions	Number allocated based on vesting criteria
Malcolm Maginnis[1]	500,000	9 Jan 2023	0.007	9 Jan 2024	Share price hurdle	-
	500,000	9 Jan 2023	0.057	9 Jan 2025		n/a
	500,000	9 Jan 2023	0.073	9 Jan 2026		n/a
	333,333	9 Jan 2023	0.187	9 Jan 2024	Service based	333,333
	333,333	9 Jan 2023	0.187	9 Jan 2025		n/a
	333,333	9 Jan 2023	0.187	9 Jan 2026		n/a
	217,908	26 Oct 2023	0.046	31 Aug 2025	Share price	n/a
	217,908	26 Oct 2023	0.046	31 Aug 2026		n/a
Neville Joyce	188,727	6 Sep 2023	0.054	31 Aug 2024	Share price	n/a
	188,727	6 Sep 2023	0.054	31 Aug 2025		n/a
James Viscardi	178,630	6 Sep 2023	0.054	31 Aug 2024	Share price	n/a
	178,630	6 Sep 2023	0.054	31 Aug 2025		n/a

[1] The performance rights for Mal Maginnis were approved at the AGM on 26 October 2023.

5.2 Performance rights awarded to Non-executive Directors

The following table summarises the performance rights awarded to Non-Executive Directors during the year ended 30 June 2024.

	Number of performance rights awarded	Grant date	Fair value at Grant date $	Vesting dates	Vesting conditions
David Cronin	200,000	26 Oct 2023	0.050	7 Oct 2024	Share price hurdle
Mark Stevens	200,000	26 Oct 2023	0.050	7 Oct 2024	
Mike McGeever	200,000	26 Oct 2023	0.050	7 Oct 2024	

6. Key management personnel's equity holdings

6.1 Number of Shares held by key management personnel

	Balance at beginning of period 1 July 2023	On exercise of rights	Net change, other [1]	Balance at End of Period 30 June 2024
Non-Executive Directors				
David Cronin	33,519,937	-	230,769	33,750,706
Mark Stevens	1,218,396	-	502,785	1,721,181
Mike McGeever	6,005,000	-	-	6,005,000
Sub-total	**40,743,333**	**-**	**733,554**	**41,476,887**
Executives				
Malcolm Maginnis	10,000	333,333	(10,000)	333,333
Neville Joyce	-	9,160	230,769	239,929
James Viscardi	-	-	-	-
Sub-total	**10,000**	**342,493**	**220,769**	**573,262**
Total	**40,753,333**	**342,493**	**954,323**	**42,050,149**

	Balance at beginning of period 1 July 2022	On exercise of rights	Net change, other[1]	Balance at End of Period 30 June 2023
Non-Executive Directors				
David Cronin	33,519,937	-	-	33,519,937
Mark Stevens	1,218,396	-	-	1,218,396
Mike McGeever	6,005,000	-	-	6,005,000
Sub-total	**40,743,333**	**-**	**-**	**40,743,333**
Executive				
Malcolm Maginnis	-	-	10,000	10,000
Neville Joyce	-	-	-	-
James Viscardi	-	-	-	-
Sub-total	**-**	**-**	**10,000**	**10,000**
Total	**40,743,333**	**-**	**10,000**	**40,753,333**

[1] Net change, other relates to on-market share changes.

6.2 Number of performance rights held by key management personnel

	Balance at beginning of the period 1 July 2023	Granted as remunerati-on	Exercised	Forfeited /other changes	Balance at end of year 30 June 2024	Fair value of rights granted during the year $
Non-Executive Directors						
David Cronin	-	200,000	-	-	200,000	10,000
Mark Stevens	-	200,000	-	-	200,000	10,000
Mike McGeever	-	200,000	-	-	200,000	10,000
Sub-total NEDs	**-**	**600,000**	**-**	**-**	**600,000**	**30,000**
Executive Directors						
Malcolm Maginnis	-	2,935,815	(333,333)	(500,000)	2,102,482	275,548
Neville Joyce	89,888	377,454	(9,160)	(17,617)	440,565	20,382
Jim Viscardi	64,762	357,260	-	(32,382)	389,640	19,292
Sub-total executive KMP	**154,650**	**3,670,529**	**(342,493)**	**(549,999)**	**2,932,687**	**315,222**
Totals	**154,650**	**4,270,529**	**(342,493)**	**(549,999)**	**3,532,687**	**345,222**

	Balance at beginning of the period 1 July 2022	Granted as remunerati-on	Exercised	Forfeited/ lapsed	Balance at end of year 30 June 2023	Fair value of rights granted during the year $
Non-Executive Directors						
David Cronin	200,000	-	-	(200,000)	-	-
Mark Stevens	200,000	-	-	(200,000)	-	-
Mike McGeever	200,000	-	-	(200,000)	-	-
Sub-total NEDs	**600,000**	**-**	**-**	(600,000)	**-**	**-**
Executive Directors						
Neville Joyce	28,228	308,300	-	(246,640)	89,888	63,656
Jim Viscardi	-	323,805	-	(259,043)	64,762	74,475
Sub-total executive KMP	**28,228**	**632,105**	**-**	**(505,683)**	**154,650**	**138,131**
Totals	**628,228**	**632,105**	**-**	**(1,105,683)**	**154,650**	**138,131**

7. Other transactions with key management personnel

During the current and previous financial year, the Group transacted with related entities of directors, other than in their capacity as director as follows:

The Consolidated Entity purchased consulting services from Pierce Asia Pty Ltd and Pierce Group Asia Pte Ltd, related entities through Chairman and Non-Executive Director, David Cronin, for an amount of $259,228 (2023: $282,000). Accounts Payable balance at 30 June 2024 totals $nil (2023: $17,270). These arrangements were in the normal course of business and included amounts related to the provision of consultancy and administration services, and general office expenses provided by the related entities for the benefit of the Consolidated Entity.

During the year, there were no other transactions with directors or management personnel.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

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DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF AVA RISK GROUP LIMITED

As lead auditor of AVA Risk Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

Wai Aw

Director

BDO Audit Pty Ltd

Melbourne, 27 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

	Note	June 2024 $'000	Consolidated June 2023 $'000
Revenue from contracts with customers	**4a**	**30,145**	28,601
Other income	**4b**	**73**	36
Total Revenue and other income		**30,218**	28,637
Cost of raw materials and consumables used		**(12,096)**	(10,393)
Employee benefit expenses		**(11,837)**	(10,487)
Research and development		**(2,001)**	(1,767)
Advertising and marketing		**(611)**	(620)
Travel and entertainment		**(1,231)**	(923)
Facilities and office costs		**(743)**	(695)
Compliance, legal, and administration		**(1,375)**	(1,157)
Impairment of goodwill	**13,14**	**(1,545)**	-
(Impairment) Reversal of impairment of receivables	**9**	**(53)**	24
Depreciation and amortisation expenses	**12,13,15**	**(2,451)**	(2,068)
Finance expense		**(240)**	(195)
Foreign exchange (loss) gain (net)		**(111)**	156
Other expenses		**(1,133)**	(1,356)
Total expenses		**(35,427)**	(29,481)
Loss before income tax		**(5,209)**	(844)
Tax expense benefit (expense)	**5**	6	(210)
(Loss) for the year		**(5,203)**	(1,054)
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(98)**	**1,021**
Total other comprehensive (loss) income for the year		**(98)**	**1,021**
Total comprehensive loss for the year		**(5,301)**	**(33)**
Loss for the year attributable to:			
Equity holders of the parent company		**(5,203)**	**(1,054)**
Loss for the year to the equity holders of the Company relates to:			
Loss for the year, net of tax		**(5,203)**	**(1,054)**
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		**(5,301)**	**(33)**
Earnings per share attributable to ordinary shareholders of AVA Risk Group			
Basic (loss) per share	**20**	(1.98)	(0.41)
Diluted (loss) per share	**20**	(1.98)	(0.41)

The above Consolidated Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	2024 $'000	2023 $'000
Assets			
Current Assets			
Cash and cash equivalents	**6,8**	**5,084**	5,517
Trade and other receivables	**9**	**7,360**	8,388
Contract assets	**9**	**1,651**	-
Prepayments	**11**	**738**	670
Inventories	**10**	**6,584**	7,464
Total Current Assets		**21,417**	**22,039**
Non-Current Assets			
Plant and equipment	**12**	**942**	1,114
Intangible assets	**13**	**12,798**	13,584
Right of use assets	**15**	**854**	263
Deferred tax assets	**5**	**46**	75
Total Non-Current Assets		**14,640**	**15,036**
Total Assets		**36,057**	**37,075**
Liabilities			
Current Liabilities			
Trade and other payables	**16**	**2,930**	2,671
Contract liabilities	**17**	**394**	278
Borrowings	**23**	**1,952**	1,999
Lease Liabilities	**15**	**326**	171
Provisions	**18**	**1,267**	1,408
Total Current Liabilities		**6,869**	**6,527**
Non-Current Liabilities			
Provisions	**18**	**91**	59
Borrowings	**23**	**203**	542
Lease liabilities	**15**	**540**	118
Contract liabilities	**17**	**405**	429
Deferred tax liabilities	**5**	**-**	146
Total Non-Current Liabilities		**1,239**	**1,294**
Total Liabilities		**8,108**	**7,821**
Net Assets		**27,949**	**29,254**
Equity			
Contributed Equity	**7**	**57,932**	53,831
Accumulated losses		**(29,257)**	(23,618)
Reserves		**(726)**	(959)
Total Equity		**27,949**	**29,254**

The above Consolidated statement of Financial Position should be read in conjunction with the accompanying notes.

	Note	2024 $'000	Consolidated 2023 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		**29,838**	27,170
Payments to suppliers and employees (inclusive of GST)		**(30,319)**	(28,628)
Interest received		**26**	29
Tax refund (paid)		**159**	(558)
Finance costs		**(201)**	(175)
Lease interest paid		**(38)**	(20)
Net cash flows used in operating activities	**8**	**(535)**	**(2,182)**
Cash flow from investing activities			
Payment for intangible assets		**(2,373)**	(1,961)
Payment for plant and equipment		**(355)**	(459)
Purchase of business, net of cash acquired		**-**	(5,522)
Net cash flows used in investing activities		**(2,728)**	**(7,942)**
Cash flow from financing activities			
Proceeds from share issue		**4,342**	-
Share issue costs		**(241)**	(3)
Repayment of borrowings		**(292)**	(915)
Dividends paid	**21**	**(436)**	(101)
Payment of lease liabilities	**15**	**(455)**	(325)
Net cash flows from (used in) financing activities		**2,918**	**(1,344)**
Net (decrease) in cash and cash equivalents		**(345)**	(11,468)
Net foreign exchange differences on cash		**(74)**	129
Cash and cash equivalents at beginning of period		**3,887**	15,226
Cash and cash equivalents at end of the period	**6**	**3,468**	**3,887**

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

		Reserves				
	Share Capital	**Share-based payment Reserve**	**Foreign Exchange Translation Reserve**	**Other Equity Reserves**	**Accumul-ated Losses**	**Total Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2023	**53,831**	**2,050**	**38**	**(3,047)**	**(23,618)**	**29,254**
Loss for the year	-	-	-	-	(5,203)	**(5,203)**
Other comprehensive income/(loss)	-	-	(98)	-	-	**(98)**
Total comprehensive loss for the year	**-**	**-**	**(98)**	**-**	**(5,203)**	**(5,301)**
Transactions with owners in their capacity as owners						
Dividends/distributions	-	-	-	-	436	**436**
Shares issued	4,342	-	-	-	-	**4,342**
Share issue costs	(241)	-	-	-	-	**(241)**
Share-based payments	-	331	-	-	-	**331**
Total transactions with owners in their capacity as owners	**4,101**	**331**	**-**	**-**	**436**	**3,996**
Balance at 30 June 2024	**57,932**	**2,381**	**(60)**	**(3,047)**	**(29,257)**	**27,949**
At 1 July 2022	**50,793**	**1,749**	**(983)**	**(3,047)**	**(22,564)**	**25,948**
Losses for the year	-	-	-	-	(1,054)	(1,054)
Other comprehensive income	-	-	1,021	-	-	1,021
Total comprehensive income for the year	**-**	**-**	**1,021**	**-**	**(1,054)**	**(33)**
Transactions with owners in their capacity as owners						
Shares issued as part of business combination	3,041	-	-	-	-	3,041
Share issue costs	(3)	-	-	-	-	(3)
Share based payments	-	301	-	-	-	301
Total transactions with owners in their capacity as owners	**3,038**	**301**	**-**	**-**	**-**	**3,339**
Balance at 30 June 2023	**53,831**	**2,050**	**38**	**(3,047)**	**(23,618)**	**29,254**

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

1.1 Basis of preparation of the financial report

This is a general purpose financial report which has been prepared by a for profit entity in accordance with the requirements of applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* .

It covers AVA Risk Group Limited and controlled entities as a Consolidated Entity. AVA Risk Group Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial statements of AVA Risk Group Limited for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 27 August 2024.

Compliance with IFRS

The consolidated financial statements of AVA Risk Group Limited also comply with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention.

Significant Accounting Estimates

The preparation of financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 1.5.

1.2 Going Concern

The financial report has been prepared on a going concern basis which assumes the Group will continue its operations and 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.

1.3 Principles of consolidation

The consolidated financial statements are those of the Consolidated Entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

Parent entity information

In accordance with the *Corporations Act 2001* , these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

1.4 Summary of material accounting policies

The following is a summary of material accounting policies adopted by the Consolidated Entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Revenue

The Group has three segments with the following main revenue streams:

Detect	Design and manufacture of fibre optic intrusion detection systems.
Access	Design and manufacture of electro-mechanical locks, biometrics and access control cards, card readers and biometric terminals.
Illuminate	Design and manufacture of camera illuminators, ANPR cameras and laser perimeter detectors.

Sale of Goods

Access and Illuminate Product

The Group's contracts with customers for the sale of equipment is one performance obligation. Revenue from sale of equipment is recognised at the point in time when control of the equipment is transferred to the customer, which is on dispatch or on delivery, dependent on the delivery terms.

Detect Product

Contracts have multiple elements, such as hardware, software and rendered services.

When there is more than one performance obligation in the contract, revenue is allocated to each performance obligation on the basis of relative standalone selling prices. Revenue from the sale of the equipment and software is recognised at a point in time, on dispatch or upon delivery.

Warranty provisions

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties, which the Group accounts for under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets.*

However, in some contracts, the Group provides extended warranties. These warranties are service-type warranties and, therefore, are accounted for as a separate performance obligation to which the Group allocates a portion of the revenue based on the relative standalone selling price. Revenue is subsequently recognised over time based on the time elapsed.

Rendering of services

Detect Division

The Group's Detect division provides installation services. These services are sold either separately or bundled together with the sale of equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the Perimeter security product. There are two performance obligations in a contract for bundled sales of equipment and installation services, because the Group promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Revenue from the provision of services is recognised over the period of time the work is performed.

Contract balances

The timing of revenue recognition may differ from the contract payment schedule, resulting in revenue that has been earned but not billed. These amounts are included in contract assets. Amounts billed in accordance with contracts with customers, but not yet earned, are recorded as contract liabilities. Contract liabilities are recognised as revenue when the Group performs under the contract.

b) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. An asset's recoverable amount is the higher of an asset's or the cash generating unit's (CGU) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

c) Inventories

Inventories are valued at the lower of average cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

d) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line or diminishing balance basis over the estimated useful life of the specific assets as follows:

Plant and Equipment	Years
Office furniture and equipment	2-10
Motor vehicles	5
Computer equipment	2-5
Production plant and equipment	2-10
Demonstration equipment	2-5

e) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low- value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right-of-use-assets	Years
Office space and machinery	3-5
Motor vehicles	3-5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the lessee's incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Lease liabilities in the Statement of financial position (see Note 15).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low- value assets are recognised as expense on a straight-line basis over the lease term.

f) Intangibles

Trademarks and Licences

Trademarks and Licences are recognised at cost of acquisition. Trademarks and Licences have a finite life and are amortised on a systematic basis, matched to the future economic benefits over the life of the asset, less any impairment losses.

Research and Development

Expenditure on research activities is recognised as an expense when incurred;

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives. Amortisation commences when the intangible asset is available for use between 5 and 10 years depending on the product type. During the period of development, the asset is tested for impairment annually.

Patents

Patents are initially recognised at the cost on acquisition. Patents have a finite life and are amortised on a systematic basis matched to the future economic benefits over the life of the asset, less any impairment losses. Amortisation of the patents commences on approval of the patent and is matched to the timing of economic benefits flowing to the Company from the application of the technology. Patents are reviewed for impairment at the end of the financial year and more frequently when an indication of impairment exists. Any impairment charge is recorded separately. Patents are amortised over a period of 3-10 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of other comprehensive income when the asset is derecognised.

g) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Warranty Provisions

Provision is made for the estimated liability on all products and services still under warranty at balance date. This provision is estimated having regard to prior service warranty experience. In calculating the liability at balance date, amounts were not discounted to their present value as the effect of discounting was not material. In determining the level of provision required for warranties, the Group has made judgments in respect of the expected performance and the costs of fulfilling the warranty. Historical experience and current knowledge have been used in determining this provision. The initial estimate of warranty-related costs is revised annually.

Employee Entitlements

i. Wages, salaries, annual leave, long service leave and personal leave expected to be settled within 12 months

Liabilities for wages and salaries, including non-monetary benefits, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating personal leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii. Long service leave and annual leave expected to be settled after 12 months

The liability for long service leave and annual leave expected to be settled after 12 months is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

h) Share-based payment transactions

Equity settled transactions

The Group provides benefits to its employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for share options or performance rights (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte Carlo or Binomial valuation model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of AVA Risk Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

i) Parent entity financial information

The financial information for the parent entity, AVA Risk Group Limited, has been prepared on the same basis as the consolidated financial statements, except Investments in subsidiaries. They are accounted for at cost less impairment charge in the financial statements of AVA Risk Group Limited. Dividends received are recognised in the parent entity's profit or loss.

j) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

1.5. Significant accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a material impact on the entity and that are believed to be reasonable under the circumstances.

a) 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.

i) Impairment of tangible and intangible 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 is tested for impairment on at least an annual basis. Impairment triggers include 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Refer to note 14 for further details.

ii) Allowance for expected credit losses

The Group considers customers' ability to pay including timing and the amount of payment. In considering ability to pay consideration is given to macro-economic, and industry specific conditions, as well as any information known about specific customer risks and judgement is exercised.

iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes or binomial valuation model, with the assumptions detailed in Note 19.

iv) Capitalisation of Development Costs

Judgement is required using the criteria outlined in note 1.4(f), where expenditure meets the definition of development.

The Group capitalises costs for development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed when the development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

Capitalised development costs have a finite life and 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. Costs capitalised include direct payroll and payroll related costs of employees' time spent on the development projects.

v) Leased assets and liabilities

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has some lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for some office leases with shorter non-cancellable period (i.e., three to five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 15 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

vi) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

vii) Inventory - estimating impairment of inventory

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales, the age of inventories, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

2. New and amended standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, and its impact has not yet been assessed.

3. Segment information

(a) Description of segments

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 Detect, Access, and Illuminate, 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:

Detect	Manufactures and markets 'smart' fibre optic sensing systems for security and condition monitoring for a range of applications including perimeters, pipelines,
Access	Specialises in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products.
Illuminate	Specialises in the development and manufacture of illuminators, ANPR cameras and perimeter detectors.

(b) Reportable segments

30 June 2024	Detect $'000	Access $'000	Illuminate $'000	Eliminations $'000	Consolidated $'000
Revenue and other income					
External customers	18,146	5,507	6,492	-	30,145
Intersegment revenue	146	-	56	(202)	-
Other income	13	4	30	-	47
Interest Income	14	12	-	-	26
Segment revenue and other income	**18,319**	**5,523**	**6,578**	**(202)**	**30,218**
EBITDA	**(60)**	**(217)**	**(2,349)**	**82**	**(2,544)**
Reconciliation to Segment operating loss					
Depreciation and amortisation	(1,337)	(727)	(387)	-	(2,451)
Finance costs	(16)	(7)	(217)	-	(240)
Interest Income	14	12	-	-	26
Income tax	(70)	(55)	131	-	6
Segment operating loss	**(1,469)**	**(994)**	**(2,822)**	**82**	**(5,203)**
Total assets	**34,182**	**12,068**	**4,738**	**(14,690)**	**36,057**
Total liabilities	**4,253**	**623**	**3,473**	**-**	**8,108**
Capital expenditure	**1,872**	**610**	**246**	**-**	**2,728**

The segment operating loss for Illuminate Segment includes impairment loss recognised during the financial year. Refer to note 14 for further details.

(b) Reportable segments (continued)

30 June 2023	Detect $'000	Access $'000	Illuminate $'000	Eliminations $'000	Consolidated $'000
Revenue and other income					
External customers	18,457	3,853	6,291	-	28,601
Intersegment revenue	(28)	117	-	(89)	-
Other income	10	19	-	-	29
Interest Income	2	5	-	-	7
Segment revenue and other income	**18,441**	**3,994**	**6,291**	**(89)**	**28,637**
EBITDA	**1,603**	**(242)**	**3**	**47**	**1,411**
Reconciliation to Segment operating profit (loss)					
Depreciation and amortisation	(1,135)	(607)	(326)	-	(2,068)
Finance costs	(11)	(3)	(181)	-	(195)
Interest Income	2	5	-	-	7
Income tax	(30)	(204)	25	-	(209)
Segment operating profit (loss)	**429**	**(1,051)**	**(479)**	**47**	**(1,054)**
Total assets	**32,898**	**10,403**	**6,602**	**(12,828)**	**37,075**
Total liabilities	**3,888**	**477**	**3,253**	**203**	**7,821**
Capital expenditure	**1,937**	**350**	**116**	**-**	**2,403**

(c) Geographic information

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Australia	6,333	3,083
APAC (excl Australia)	2,805	3,066
Europe	9,304	12,532
India	1,190	210
Middle East and North Africa	880	667
United States of America	7,742	5,932
Rest of world	1,891	3,111
Total external revenue by region	**30,145**	**28,601**

(d) Non-current operating assets

	30 June 2024 $'000	**30 June 2023 $'000**
Australia	7,040	6,590
United Kingdom	6,667	7,698
Rest of world	887	673
Total non-current assets by region	**14,594**	**14,961**

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

(e) Reconciliation of non-current assets

	30 June 2024 $'000	**30 June 2023 $'000**
Non-current operating assets by region	14,594	14,961
Deferred tax assets	46	75
Total non-current assets	**14,640**	**15,036**

4. Revenue and other income

	Consolidated 2024 $'000	Consolidated 2023 $'000
(a) Revenue from contracts with customers		
Revenue from sales of goods	27,665	26,132
Revenue from provision of services	2,480	2,469
Total revenue from contracts with customers	**30,145**	**28,601**
(b) Other income		
Interest	26	29
Other	47	7
Total other income	**73**	36
Total Revenues and other income	**30,218**	**28,637**
(c) Disaggregation of revenue		
Timing of revenue recognition		
Goods transferred at a point in time	27,665	26,132
Services transferred over time	2,480	2,469
Total revenue from contracts with customers	**30,145**	**28,601**

(d) Performance obligations

The Group holds contract liabilities in relation to services including extended warranty, support, commisioning and training which have been invoiced in advance with the services yet to be provided. Refer to note 17.

5. Income tax and deferred tax

(a) Components of tax expense/(benefit):

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Current tax	**(55)**	47
Deferred tax	**29**	37
Under provision in prior year	**20**	126
	(6)	**210**

(b) Prima facie tax payable

The prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

Accounting loss before tax	**(5,209)**	(844)
At the Group's statutory income tax rate of 25.0%	(1,302)	(211)
Difference in tax rates in foreign subsidiaries	24	29
Tax effect of amounts which are not deductible in calculating taxable income [1]	479	231
Unbooked tax losses	851	147
Adjustments in respect of current income tax of previous	(20)	126
Utilisation of carried forward tax losses / unbooked tax losses	(92)	(303)
Other	54	191
Income tax	**(6)**	**210**

[1] Non-deductible amounts for FY 2024 include the impairment charge for the Illuminate segment. Refer to note 14.

(c) Deferred tax

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Deferred tax relates to the following:		
Losses available for offsetting against future taxable income	-	15
Accelerated depreciation for tax purposes	-	(161)
Temporary differences	46	75
Net Deferred tax Assets (liabilities)	**46**	(71)

Management assessed deferred tax assets and liabilities for the reporting period 30 June 2024 and their recoverability based on the forecasted taxable profits. Tax losses in Australia can be carried forward indefinitely subject to the satisfaction of either the continuity of ownership test or the alternative business continuity test. Management deemed it appropriate not to recognise any additional deferred tax assets due to uncertainty on whether those assets would be utilised against future profits generated in Australia and in foreign jurisdictions. Management will continue to assess this position each reporting period.

The Group has unutilised tax losses that arose in Australia of $10,815,000 (2023: $8,743,000). In addition, the Group has tax losses totalling $12,386,000 (2023: $9,398,000) in respect of foreign subsidiaries.

6. Cash and short-term deposits

	Consolidated	
	2024 $'000	2023 $'000
Cash at bank and on hand	4,203	5,462
Short-term deposits	881	55
Total Cash and short-term deposits	**5,084**	**5,517**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash at banks and on hand	4,203	5,462
Short-term deposits	881	55
	5,084	5,517
Bank overdrafts	(1,616)	(1,630)
Cash and cash equivalents	**3,468**	**3,887**

Bank overdrafts

Bank overdrafts relate to existing banking facilities that the Illuminate Segment uses for working capital. At 30 June 2024, the Group had available $1,114,000 of undrawn committed facilities (2023: $1,037,000).

7. Contributed equity

	Consolidated	
	2024	2023
(a) Ordinary shares		
Ordinary share capital, issued and fully paid	57,932	53,831
	57,932	**53,831**

(b) Movement in ordinary shares on issue	Number of shares	$'000
At 1 July 2023	255,414,634	53,831
Share issue:		
On exercise of Performance Share Rights (note 19)	721,482	-
On share capital increase	33,384,606	4,342
Share issue costs	-	(241)
At 30 June 2024	**289,520,722**	**57,932**
At 1 July 2022	242,963,185	50,793
Share issue:		
On exercise of Performance Share Rights (note 19)	643,555	-
On acquisition of MTD Holdings Limited	11,807,894	3,041
Share issue costs	-	(3)
At 30 June 2023	**255,414,634**	**53,831**

7. Contributed equity (continued)

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

8. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024	2023
	$'000	$'000
Cash at bank and on hand (net of overdrafts)	**3,468**	**3,887**
(a) Reconciliation to Net Cash Flow from Operations		
(Loss) Profit for the year after tax	**(5,203)**	**(1,054)**
Adjustment for non-cash income and expense items:		
Depreciation and amortisation	2,088	1,759
Impairment of goodwill	1,545	-
Lease amortisation	363	309
Share-Based payments (equity settled)	331	301
Unrealised foreign exchange	(190)	158
Provision for impairment of receivable	53	(24)
Impairment on inventory	135	84
Disposal of fixed assets	13	17
Contract assets	(1,651)	-
Income tax accrued	36	209
Other	(12)	(142)
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	1,442	(1,456)
Other assets	84	(349)
Inventories	880	(2,143)
Increase/(decrease) in liabilities:		
Trade and other payables	(504)	249
Provisions	55	(100)
Net cash used in operating activities	**(535)**	**(2,182)**
(b) Non-cash financing and investing activities		
Share-based payments	**331**	**301**
Lease additions	**953**	**41**

The Group's exposure to interest rate risk is discussed in Note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents and receivables mentioned above.

9. Trade and other receivables

	Consolidated 2024 $'000	2023 $'000
Trade receivables - current (gross)	7,433	8,292
Contract assets (d)	1,651	-
Provision for expected credit loss (a)	(99)	(159)
Trade receivables (net)	**8,985**	**8,133**
Security deposits and bonds	1	24
Other receivables (c)	25	231
Carrying amount of trade and other	**9,011**	**8,388**
Movements in the expected credit loss provision were as follows:		
At 1 July	159	185
(Reversal) Charge for the year	53	(24)
Amounts written off	(113)	(2)
At 30 June	**99**	**159**

(a) Provision for impairment

In line with *AASB 9 Financial Instruments* , an expected credit loss assessment was performed as at at 30 June 2024.

(b) Past due but not considered impaired

As at 30 June 2024, trade receivables past due but not considered impaired are: $3,154,000 (2023:$3,771,000). Contract assets are unbilled receivables for services that have been delivered and are not past due.

	Gross 2024 $'000	Impairment 2024 $'000	Gross 2023 $'000	Impairment 2023 $'000
Not past due	4,180	-	4,362	-
Past due 1 – 30 days	1,997	-	2,052	-
Past due 31-60 days	269	-	204	-
Past due 61-90 days	136	-	1,249	-
Past due more than 91 days	851	(99)	425	(159)
	7,433	(99)	8,292	(159)

(c) Other receivables

These amounts related primarily to other indirect tax refunds due from various international tax jurisdictions and other sundry debtors.

(d) Contract assets

Contract assets relate to goods and services which had been provided by the Company to the customer (and satisfied the performance obligations in line with AASB 15) but had not been billed due to the terms agreed with the customer. Hence, contract assets arise because of the timing difference between revenue recognition and the contractual payment schedule.

As at 30 June 2024, the following amounts were recognised as contract assets:

	2024 $'000	2023 $'000
Balance at 1 July	-	-
Amount recognised	1,651	-
Transfer to trade receivables	-	-
Balance at 30 June	**1,651**	**-**

10. Inventories

	Consolidated 2024 $'000	2023 $'000
Raw materials and consumables (at cost)	3,978	4,462
Work in progress (at cost)	882	1,494
Finished goods held for sale (at lower of cost and net realisable value)	1,724	1,508
Total Inventories	**6,584**	**7,464**

During financial year ended 30 June 2024 $135,000 (2023: $69,000) was recognised as an impairment for inventories as a result of the write-down to net realisable value. This is recognised in cost of raw materials and consumables used.

11. Prepayments

	Consolidated 2024 $'000	2023 $'000
Current		
Prepayments	738	670
Total Prepayments	**738**	**670**

Prepayments are not interest bearing.

12. Plant and equipment

Consolidated	Computer equipment $'000	Motor vehicles $'000	Plant and equipment $'000	Office furniture and equipment $'000	Demonstration equipment $'000	Total $'000
Year Ended 30 June 2024						
Carrying amount at beginning of year	**593**	**42**	**356**	**81**	**42**	**1,114**
Additions	223	-	95	37	-	355
Disposals	(3)	(40)	(3)	(1)	(10)	(57)
Depreciation expense	(267)	(2)	(146)	(34)	(21)	(470)
Exchange adjustment	-	-	(1)	-	1	-
Carrying amount at end of year	**546**	**-**	**301**	**83**	**12**	**942**
At 30 June 2024						
Cost	1,830	50	1,704	673	2,050	6,307
Accumulated depreciation	(1,284)	(50)	(1,403)	(590)	(2,038)	(5,365)
Net carrying amount	**546**	**-**	**301**	**83**	**12**	**942**
Year Ended 30 June 2023						
Carrying amount at beginning of year	**260**	**-**	**104**	**42**	**85**	**491**
Additions	219	48	146	25	4	442
Depreciation expense	(259)	(6)	(179)	(28)	(48)	(520)
Additions through business combinations	304	-	256	38	-	598
Exchange adjustment	69	-	29	4	1	103
Carrying amount at end of year	**593**	**42**	**356**	**81**	**42**	**1,114**
At 30 June 2023						
Cost	1,610	90	1,612	637	2,060	6,009
Accumulated depreciation	(1,017)	(48)	(1,256)	(556)	(2,018)	(4,895)
Net carrying amount	**593**	**42**	**356**	**81**	**42**	**1,114**

13 Intangible assets

(a) Reconciliation of carrying amounts

Consolidated	Goodwill $'000	Trademarks $'000	Development Costs $'000	Patents $'000	Acquired customer lists / contracts $'000	Total $'000
Year ended 30 June 2024						
Carrying amount at beginning of year	**7,617**	**262**	**5,484**	**221**	**-**	**13,584**
Additions	-	-	2,368	5		2,373
Amortisation	-	(63)	(1,494)	(60)	-	(1,617)
Impairment charge [1]	(1,545)	-	-	-	-	(1,545)
Exchange adjustment	(15)	-	18	-	-	3
Carrying amount at end of year	**6,057**	**199**	**6,376**	**166**	**-**	**12,798**

[1]An impariment charge was recognised for the Illuminate Segment. Refer to note 14 for further details.

Consolidated	Goodwill $'000	Trademarks $'000	Development Costs $'000	Patents $'000	Acquired customer lists / contracts $'000	Total $'000
At 30 June 2024						
Cost (gross carrying amount)	7,602	861	13,002	2,511	2,585	26,561
Accumulated amortisation	-	(662)	(6,626)	(2,198)	(2,585)	(12,071)
Accumulated impairment charges	(1,545)	-	-	(147)	-	(1,692)
Net carrying amount	**6,057**	**199**	**6,376**	**166**	**-**	**12,798**
Year ended 30 June 2023						
Carrying amount at beginning of year	**702**	**332**	**4,557**	**266**	**97**	**5,954**
Additions	-	-	1,949	12	-	1,961
Disposals	-	(17)	-	-	-	(17)
Amortisation	-	(53)	(1,031)	(58)	(97)	(1,239)
Additions through business combinations	6,499	-	-	-	-	6,499
Exchange adjustment	416	-	9	1	-	426
Carrying amount at end of year	**7,617**	**262**	**5,484**	**221**	**-**	**13,584**
At 30 June 2023						
Cost (gross carrying amount)	7,617	861	10,634	2,506	2,585	24,203
Accumulated amortisation	-	(599)	(5,150)	(2,138)	(2,585)	(10,472)
Accumulated impairment charges	-	-	-	(147)	-	(147)
Net carrying amount	**7,617**	**262**	**5,484**	**221**	**-**	**13,584**

14. Carrying value of non-financial assets

For assets excluding goodwill, an assessment is made each reporting period to determine whether there is an indicator of impairment.

Goodwill Allocation	Illuminate	Access	Total
At 1 July 2023	6,915	702	7,617
Impairment of assets	(1,545)	-	(1,545)
Impact of foreign currency	(15)	-	(15)
At 30 June 2024	**5,355**	**702**	**6,057**

Key assumptions and estimates

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 tested Access and Illuminate CGU's as they carry Goodwill.

Each CGU was tested for impairment in accordance with the Group's accounting policies, using a value in use methodology.

Key Assumptions	Description
Future cash flows	VIU calculations, inclusive of working capital movements and forecast capital expenditure based on financial projections approved by the Board for the three years, with detailed management forecasts used in years 4 – 5, then reverting to a terminal value of 2%.
Discount rate	A discount rate was applied to cash flow projection assessed to reflect the time value of money and the perceived risk profile of the stage of the business.

	Detect	Access	Illuminate
Pre-tax discount rates	18.84%	20.51%	21.51%
Post-tax discount rates	14.13%	15.38%	16.13%

In FY 2023, a pre-tax discount rate of 22.6% and a post discount rate of 16.98% was taken for all CGUs.

Revenue growth	Forecast growth in year 1 to 3 is based on Board reviewed projections and detailed assessed conversion of known revenue opportunities for the business. Years 4 – 5 assume growth is achieved within existing business markets and geographies, along with expansion of the business into new markets and geographies.
Gross margins	Forecasting consistent gross margins over the life of the model relative to historic gross margins achieved.

An impairment charge of $1,545,000 was recorded against the value of goodwill for the Illuminate CGU. When performing the impairment test for Goodwill's carrying amount, management considered its lower than previously forecasted performance during FY24. This shortfall was driven by challenging UK domestic trading conditions and delayed progress on integrating Illuminate products into AVA's US and APAC sales channels. As a result, management re-assessed performance for subsequent periods, resulting in the Illuminate CGU value being less than the carrying amount.

Sensitivity analysis

The Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill or intangibles carrying amount may decrease.

The recoverable amounts for the Access CGU would be impaired if the revenue growth assumption was to decline by more than 4%.

If there are any negative changes in future reporting periods in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge for the Access CGU.

15. Leases

Group as a lessee

The Group has lease contracts for office space, machinery and vehicles used in its operations. Leases of office space and machinery generally have lease terms between 3 and 5 years, while motor vehicles generally have lease terms between 3 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of office space and IT equipment with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Amounts recognised in the statement of financial position and profit or loss

	Right-of-use assets			
Consolidated	Office Space & machinery $000	Motor Vehicles $000	Total $000	Lease liabilities $000
As at 1 July 2023	**223**	**40**	**263**	**(289)**
Additions	953	-	953	(953)
Depreciation expense	(350)	(14)	(364)	-
Exchange adjustments	2	-	2	(41)
Interest expense	-	-	-	(38)
Payments	-	-	-	455
As at 30 June 2024	**828**	**26**	**854**	**(866)**
As at 1 July 2022	**249**	**-**	**249**	**(284)**
Additions	-	41	41	(41)
Additions through business combinations	254	-	254	(254)
Depreciation expense	(308)	(1)	(309)	-
Exchange adjustments	28	-	28	(15)
Interest expense	-	-	-	(20)
Payments	-	-	-	325
As at 30 June 2023	**223**	**40**	**263**	**(289)**

The classification of lease liabilities is set out below:

	2024 $'000	2023 $'000
Current	**326**	171
Non-Current	**540**	118
As at 30 June	**866**	**289**

15. Leases (continued)

The following are the amounts recognised in profit or loss:

		Consolidated
	2024	**2023**
	$'000	**$'000**
Depreciation expense of right-of-use assets	364	309
Interest expense on lease liabilities	38	20
Expense relating to short term leases	74	61
Total amount recognised in profit and loss	**476**	**390**

Short term leases include rental of temporary storage and office space which have a lease term of 12 months or less.

16. Trade and Other Payables

		Consolidated
	2024	**2023**
	$'000	**$'000**
Current		
Trade payables	1,608	1,499
Accruals and other payables	1,322	1,172
Total Trade and Other Payables	**2,930**	**2,671**

Trade, accruals and other payables are non-interest bearing and normally settled on 14 – 60 day terms.

17. Contract liabilities

		Consolidated
	2024	**2023**
	$'000	**$'000**
Contract liabilities		
Balance at 1 July	707	497
Deferred during year	875	530
Recognised as revenue in the year	(783)	(320)
Balance at 30 June	**799**	**707**
Due within 1 year	394	278
Due after more than 1 year	405	429
Balance at 30 June	**799**	**707**

Contract liabilities relate to deferred revenue for customers that have been billed in advance but the service has yet to be provided. The contract liability balance represents performance obligations which have yet to be met and therefore have not been recognised as revenue during the year.

Revenue recognised of $783,000 (2023: $320,000) in the year represents performance obligations which have been met during the financial year in relation to contract liabilities held at year-end.

18. Provisions

	2024 $'000	2023 $'000
Current		
Employee entitlements – annual leave	770	829
Employee entitlements – long service leave	267	404
Provision for warranty claims	230	175
Total Current Provisions	**1,267**	**1,408**
Non-current		
Employee entitlements – long service leave	91	59
Total Non-Current Provisions	**91**	**59**

(a) Movements in Warranty provisions

	2024 $'000	2023 $'000
Consolidated		
At 1 July	175	247
Arising during the year	116	140
Provision used during the year	(63)	(213)
Exchange adjustments	2	1
At 30 June	**230**	**175**
Current	230	175
Non-current	-	-
At 30 June	**230**	**175**

(b) Nature and timing of provisions

i. Warranty provision

Warranties include predominantly provision booked for probable claims by customers for product faults as well as provision for claimable warranty for other goods and services sold by the Group.

ii. Employee Entitlements

Refer to Note 1.4(g) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of long-service leave, which is part of this provision. This provision also includes provision booked for employees who earn but are yet to use their vacation entitlements. This amount includes on-costs for pension and superannuation, worker's compensation insurance and payroll tax.

19. Share-based payments

The Group continued to offer Employee participation in share-based incentive schemes as part of the remuneration packages for the employees (EP) and Key Management (KMPs) and the CEO of the Group.

No Share based payments have been issued between balance date and the date of this report.

(a) Expense arising from equity-settled share-based payment transactions

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Performance Shares	**331**	302

(b) Performance rights held

The movements in Performance Share Rights are noted below:

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Outstanding 1 July	**2,812,876**	$nil	**1,946,789**	$nil
Granted during the year	3,304,603	$nil	3,915,841	$nil
Forfeited/Other movements during the year	(473,306)	$nil	(2,406,200)	$nil
Exercised during the year	(721,482)	$nil	(643,555)	$nil
Outstanding 30 June	**4,922,691**	**$nil**	**2,812,876**	**$nil**

PSRs Granted

During the year ended 30 June 2024, the Company granted performance rights as part of remuneration to senior executives and key employees. The fair value of the performance rights was based on the Monte Carlo pricing model.

Senior Executives and key employees were issued a total of 3,304,603 performance rights (2023: 3,915,842). The performance rights have a nil exercise price and are split into two equal tranches with multiple vesting dates. The vesting conditions of the performance rights are based on the achievement of a share price hurdle and the executive has to be present on the vesting dates.

Non-Executive Directors were issued a total 600,000 performance rights (2023: nil). The performance rights have a nil exercise price and vesting conditions are based on share price performances.

19. Share-based payments (continued)

The table below provides a description of each of the plans:

Plan	KMP Plan	CEO Plan	Non-Executive Plan
Type	Long-Term incentive	Long-Term incentive	Long-Term incentive
Overview of market vesting condition	Share price	Share price	Share price
Service vesting condition	Employed at date of vesting	Employed at date of vesting	None.
Valuation method	Monte Carlo	Monte Carlo	Monte Carlo

The table below provides a description of the Fair value and assumptions for the plans issued in FY 24.

Plan	KMP Plan	CEO Plan	Non-Executive Plan
Grant date	6 September 2023	26 October 2023	26 October 2023
Total fair value	$68,070	$88,680	$30,217
Vesting dates	31 August 2025 31 August 2026	9 January 2024, 2025, 2026, 31 August 2025, 31 August 2026	7 October 2024
Share price at Grant date	$0.1900	$0.1875	$0.1875
AVA Share Price Hurdles	$0.32	$0.282,$0.329, $0.376, $0.32	$0.32
Expected volatility	60%	60%	60%
Expected Dividend yield	0.94%	0.95%	0.95%
Risk free Rate	3.85%	4.40%	4.40%

Time based PSRs granted to the CEO

The Company granted 1,000,000 performance rights as part of remuneration to the CEO. The PSRs are time-based and they vest in three equal tranches on the condition that the CEO is employed on 9 January 2024, 2025 and 2026 respectively. The Binomial model was used to value the PSRs and the total fair value is $187,000. Below are the assuptions:

Grant date	26 October 2023
Vesting dates	9 January 2024, 2025, 2026
Share price at Grant date	$0.1875
Expected volatility	60%
Risk free Rate	4.40%

20. Earnings per Share

The following reflects the income used in the basic and diluted loss per share computations:

(a) Profit used in calculating earnings per share

For basic and diluted loss per share:	2024 $'000	2023 $'000
Net loss after tax from continuing operations	**(5,203)**	(1,054)

(b) Weighted average number of shares

	2024 Number	2023 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**263,388,380**	**254,959,125**
Adjustments for calculation of diluted earnings per share		
Dilutive share options / performance rights	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution used as the denominator in calculating diluted earnings per share	**263,388,380**	**254,959,125**

(c) i. Earnings per share from continuing operations

	2024 $'000	2023 $'000
Basic loss earnings per share	**(1.98)**	(0.41)
Diluted loss earnings per share	**(1.98)**	(0.41)

ii. Earnings per share attributable to the shareholders of AVA Risk Group Limited

Basic (loss) per share	**(1.98)**	(0.41)
Diluted (loss) per share	**(1.98)**	(0.41)

Basic profit per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

21. Dividends

	Consolidated	
	2024	2023
	$'000	$'000
Special dividend at the rate of 0.0017 cents per share declared on 26 October 2023	436	-
Total dividends declared	**436**	-

On 26 October 2023, Dividends of $436,000 were declared. They were paid on 15 December 2023.

22. Reserves

Share based payment Reserve

The share based payment reserve is used to record the value of share-based payments provided to employees and directors as part of their remuneration and options or performance rights granted as part of other agreements.

Foreign exchange translation reserve

This reserve is used to record the unrealised exchange differences arising on translation of a foreign entity and is not distributable, and it will be realised when the foreign entities are sold or disposed of.

Other equity reserve

Other equity represents the difference between the fair value of ordinary shares issued to acquire non-controlling interest and the initial value of non-controlling interests.

23. Financial Risk Management

(a) Capital Management

When managing capital, management's objective is to ensure the Consolidated Entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitor capital through the gearing ratio (net debt / total capital). Net debt is calculated as total borrowings (including trade and other payables) as shown in the balance sheet less cash and cash equivalents. The gearing ratios based on continuing operations at 30 June 2024 and 2023 were as follows:

23. Financial Risk Management (continued)

(a) Capital Management (continued)

		Consolidated 2024 $'000	2023 $'000
Payables		**2,930**	2,671
Borrowings		**2,155**	2,541
Lease liabilities		**866**	289
Total borrowings		**5,951**	5,501
Less cash and cash equivalents	6	**5,084**	5,517
Net borrowings / (cash)		**867**	(16)
Total equity		**27,949**	29,254
Total capital		**28,816**	29,238
Gearing ratio		**3%**	0%

(b) Risk exposure and responses

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk, and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate. Monitoring levels of exposure to various foreign currencies and assessments of market forecasts for foreign currency exchange rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk; liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of the risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit & Risk Committee under the authority of the Board. The board reviews and agrees policies for managing each of the risks identified below, including hedging of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

23. Financial Risk Management (continued)

(i) Interest rate risk on interest-bearing loans and borrowings

The Group's main interest rate risk relates primarily to the Group's cash and cash equivalents held in interest bearing accounts. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian and United Kingdom interest rate risk.

Current interest-bearing loans and borrowings	Interest rate %	Maturity	2024 $'000	2023 $'000
Lease Liabilities	3.5%-13.71%	2025	**326**	171
Bank overdrafts	8.50%	n/a	**1,616**	1,630
GBP 250,000 loan - White Oak	7.95%	2025	**125**	166
GBP 350,000 loan - HSBC	3.99%	2025	**133**	133
GBP 150,000 loan - Funding Circle	5.00%	2026	**78**	70
Total			**2,278**	**2,170**
Non-current interest-bearing loans and borrowings				
Lease Liabilities	3.5%-13.71%	2025-2029	**540**	118
GBP 250,000 loan - White Oak	7.95%	2025	**-**	126
GBP 350,000 loan - HSBC	3.99%	2025	**133**	267
GBP 150,000 loan - Funding Circle	5.00%	2026	**70**	149
Total			**743**	**660**

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt where possible. At 30 June 2021, the Group had no borrowings (2020: nil) and lease liabilities of $430,000 (2020: $713,000).

Sensitivity analysis

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2024, and at 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit / (losses) and equity would have been affected as follows:

Judgments of reasonably possible movements*:	Post Tax Profit Higher/(Lower) 2024 $'000	Post Tax Profit Higher/(Lower) 2023 $'000	Equity Higher/(Lower) 2024 $'000	Equity Higher/(Lower) 2023 $'000
Consolidated				
+ 1% increase in interest rates	(21)	(20)	(21)	(20)
- 0.5% decrease in interest rate	11	10	11	10

* A 1% increase and a 0.5% decrease is used and represents management's assessment of the reasonably possible change in interest rates.

23. Financial Risk Management (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in United States Dollar and British Pound (as a result of the acquisition of GJD) exchange rates.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follows:

	USD $'000	GBP $'000	Total $'000
30 June 2024			
Cash and cash equivalents	790	124	914
Trade receivables	3,878	655	4,533
Trade payables	(227)	(748)	(975)
Borrowings	(1,005)	(1,657)	(2,662)
Total exposure	**3,436**	**(1,626)**	**1,810**
30 June 2023			
Cash and cash equivalents	3,817	235	4,052
Trade receivables	5,903	664	6,567
Trade payables	(223)	(818)	(1,041)
Borrowings	-	(1,123)	(1,123)
Total exposure	**9,497**	**(1,042)**	**8,455**

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the USD and GBP exchange rate with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

USD and GBP	**Effect on profit/(loss) before tax**		**Effect on equity**	
	USD **$'000**	**GBP** **$'000**	**USD** **$'000**	**GBP** **$'000**
30 June 2024	241	(114)	241	(114)
	(241)	114	(241)	114
30 June 2023	665	(73)	665	(73)
	(665)	73	(665)	73

(iii) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables (including contract assets). The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments, net of any provisions for expected credit losses of those assets. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

23. Financial Risk Management (continued)

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis.

(iv) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its risk of a shortage of funds using cash flow forecasting and

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of variety of equity and debt instruments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivatives financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. The remaining contractual maturities of the Group's financial liabilities are:

		Consolidated
	2024	2023
12 months or less, include:	$'000	$'000
Cash and cash equivalents	5,084	5,517
Trade and other receivables	7,360	8,388
	12,444	13,905
12 months or less, include:		
Trade and other payables	(2,930)	(2,671)
Borrowings	(1,952)	(1,999)
Lease Liabilities	(326)	(171)
	(5,208)	(4,841)
1-5 years, include		
Borrowings	(203)	(542)
Lease liabilities	(540)	(118)
	(743)	(660)
Total contractual cash flows	**6,493**	**8,404**

Fair value

The fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

24. Related party disclosure

(a) Subsidiaries

Name	Country of Incorporation	Principal Activity	% Equity Interest 2024	% Equity Interest 2023
Parent Entity				
AVA Risk Group Limited	Australia	Manufacture and sale	100	100
Subsidiaries of AVA Risk Group Limited				
FFT MENA Pty Limited	Australia	Holding company	100	100
Future Fibre Technologies (US) Inc.	USA	Sales Support and maintenance	100	100
MaxSec Group Pty Limited	Australia	Holding company	100	100
Subsidiaries of FFT MENA Pty Limited				
Future Fibre Technologies MENA FZ-LLC (in Liquidation)	U.A.E	-	100	100
Future Fibre Technologies Europe Limited	United Kingdom	Sales Support and maintenance	100	100
FFT India Pvt Limited	India	Sales Support and maintenance	100	100
Subsidiaries of MaxSec Group Pty Limited				
BQT Intelligent Security Systems Pty Limited	Australia	Dormant	60	60
4C Satellites Limited	Australia	Dormant	60	60
BQT Solutions (Australia) Pty Limited	Australia	Sales Support and maintenance	100	100
BQT Solutions (SEA) Pte Limited	Singapore	Sales Support and maintenance	100	100
BQT Solutions (UK) Limited	United Kingdom	Access Control	100	100
Subsidiaries of BQT Solutions (SEA) Pte Limited				
BQT Solutions (NZ) Limited	New Zealand	Manufacture and sale	100	100
MTD Holdings Limited (in Liquidation)	United Kingdom	Holding company	100	100
GJD Manufacturing Limited	United Kingdom	Manufacture and sale	100	100
Subsidiaries of BQT Solutions (UK) Limited				
BQT Solutions America Inc	USA	Sales Support and maintenance	100	100

Transactions between the Company and its subsidiaries principally arise from the granting of loans and the provision of sales support and other services. All transactions undertaken during the financial year with subsidiaries are eliminated in the consolidated financial statements.

(b) Ultimate parent

AVA Risk Group Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

(c) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms unless otherwise stated.

25. Key Management Personnel

(a) Compensation for Key Management Personnel

	Consolidated	
	2024	2023
	$	$
Short-term employee benefits	**1,382,633**	1,207,393
Post-employment and other long-term benefits	**74,540**	67,184
Share-based payments	**193,186**	77,743
Total compensation	**1,650,359**	**1,352,320**

(b) Loans to/from Key Management Personnel

There were no loans to directors or key management personnel during the year ending 30 June 2024 (2023: nil).

(c) Other transactions and balances with Key Management Personnel and their related parties

Directors

During the current and previous financial year, the Group transacted with related entities of directors, other than in their capacity as director as follows:

The Consolidated Entity purchased consulting services from Pierce Asia Pty Ltd and Pierce Group Asia Pte Ltd, related entities through Chairman and Non-Executive Director, David Cronin, for an amount of $259,228 (2023: $282,000). Accounts Payable balance at 30 June 2024 totals $nil (2023: $17,270). These arrangements were in the normal course of business and included amounts related to the provision of consultancy and administration services, and general office expenses provided by the related entities for the benefit of the Consolidated Entity.

There were no other transactions with other KMP during the year ended 30 June 2024 (FY2023: none).

(d) Recognised share-based payment expense

The expense recognised for employee and KMPs received during the year is shown in the table below:

	Consolidated	
	2024	2023
	$000	$000
Expenses arising from equity-settled share-based payment		
As compensation for KMPs	**193,186**	77,743
As compensation to employees	**137,202**	223,447
Total share-based payments	**330,388**	**301,190**

25. Key Management Personnel (Continued)

(e) Types of share-based payments

FY 24 Grants

i. KMP Grants

During the financial year ended 30 June 2024, the Company granted performance rights as part of remuneration to the KMPs, Mal Maginnis, Neville Joyce and Jim Viscardi.

	Number of performance rights awarded	Grant date	Fair value at Grant date $	Vesting dates	Vesting conditions
Malcolm Maginnis	500,000	9 Jan 2023	0.007	9 Jan 2024	Share price hurdle
	500,000	9 Jan 2023	0.057	9 Jan 2025	
	500,000	9 Jan 2023	0.073	9 Jan 2026	
	333,333	9 Jan 2023	0.187	9 Jan 2024	Service based
	333,333	9 Jan 2023	0.187	9 Jan 2025	
	333,333	9 Jan 2023	0.187	9 Jan 2026	
	217,908	26 Oct 2023	0.046	31 Aug 2025	Share price hurdle
	217,908	26 Oct 2023	0.046	31 Aug 2026	
Neville Joyce	188,727	6 Sep 2023	0.054	31 Aug 2024	Share price hurdle
	188,727	6 Sep 2023	0.054	31 Aug 2025	
James Viscardi	178,630	6 Sep 2023	0.054	31 Aug 2024	Share price hurdle
	178,630	6 Sep 2023	0.054	31 Aug 2025	

The fair value of each performance right was calculated using an option pricing model as discussed in note 19.

ii. Non-Executive Directors Grants

FY 24 Grants

During the financial year ended 30 June 2024, the Company granted 200,000 performance rights each as part of remuneration to three Non-Executive directors David Cronin, Mark Stevens, and Michael McGeever.

The performance rights issued to the Non-Executive directors vest on 7 October subject to the Company's market traded share price hurdle and continuity of service with the Company.

(f) Summaries of performance rights and share options granted to KMPs

	2024 Number	2023 Number
Outstanding at the beginning of the year	**154,650**	628,228
Granted during the year	**4,270,529**	632,105
Exercised during the year	**(342,493)**	-
Forfeited, lapsed and other movements during the	**(549,999)**	(1,105,683)
Total share-based payments	**3,532,687**	**154,650**

26. Commitments, Contingent Assets and Liabilities

At 30 June 2024, the Group had commitments of $nil relating to the purchase of Fibre Optic cable with its main supplier (30 June 2023 $244,000).

27. Parent Entity Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

AVA Risk Group Limited Summarised statement of financial position	2024 $'000	2023 $'000
Assets		
Current Assets	**5,889**	9,523
Non-Current Assets	**26,394**	20,597
Total Assets	**32,283**	**30,120**
Liabilities		
Total Current Liabilities	**3,285**	**3,493**
Total Non-Current Liabilities	**433**	**59**
Total Liabilities	**3,718**	**3,552**
Net Assets	**28,565**	**26,568**
Equity		
Contributed Equity	**57,932**	53,831
Accumulated losses	**(31,742)**	(29,308)
Reserves	**2,375**	2,045
Total Equity	**28,565**	**26,568**

AVA Risk Group Limited
Summarised statement of comprehensive income

	2024 $'000	2023 $'000
(Loss) Profit for the year	(1,999)	600
Other comprehensive income for the year	-	-
Total comprehensive (loss) income of the parent entity	**(1,999)**	**600**

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees in respect of subsidiaries entities.

(c) Contingent liabilities of the parent entity

At 30 June 2024, the Group had commitments of $nil relating to the purchase of Fibre Optic cable with its main supplier (30 June 2023 $244,000).

28. Auditors Remuneration

	Consolidated	
	2024	2023
	$	$
Amounts received or due and receivable by the company's auditor for:		
Audit Services - BDO Audit Pty Ltd		
Audit or review of the financial statements	273,500	217,500
Fees for other services - BDO Services Pty Ltd		
Tax compliance	23,500	27,300
	297,000	**244,800**

29. After balance date events

No matters of circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

The below list relates to entities that are in the consolidated financial statements at 30 June 2024, as required by the Corporations Act 2001 s.295(3A)(a). It includes disclosures about entities consolidated within AVA Risk Group Limited as at 30 June 2024, including details about tax residency of each entity.

Name	Entity type	Country of Incorporation/ Tax residency	% share capital held 2024	Australian or Foreign jurisdiction	Foreign jurisdiction
Parent Entity					
AVA Risk Group Limited	Body corporate	Australia	N/A	Australian	N/A
Subsidiaries of AVA Risk Group Limited					
FFT MENA Pty Limited (1)	Body corporate	Australia	100	Australian	N/A
Future Fibre Technologies (US) Inc.	Body corporate	USA	100	Foreign	USA
MaxSec Group Pty Limited (1)	Body corporate	Australia	100	Australian	N/A
Subsidiaries of FFT MENA Pty Limited					
Future Fibre Technologies MENA FZ-LLC (in Liquidation)	Body corporate	U.A.E	100	Foreign	U.A.E
Future Fibre Technologies Europe Limited	Body corporate	United Kingdom	100	Foreign	United Kingdom
FFT India Pvt Limited	Body corporate	India	100	Foreign	India
Subsidiaries of MaxSec Group Pty Limited					
BQT Intelligent Security Systems Pty Limited (1)	Body corporate	Australia	60	Australian	N/A
4C Satellites Limited (1)	Body corporate	Australia	60	Australian	N/A
BQT Solutions (Australia) Pty Limited (1)	Body corporate	Australia	100	Australian	N/A
BQT Solutions (SEA) Pte Limited	Body corporate	Singapore	100	Foreign	Singapore
BQT Solutions (UK) Limited	Body corporate	United Kingdom	100	Foreign	United Kingdom
Subsidiaries of BQT Solutions (SEA) Pte Limited					
BQT Solutions (NZ) Limited	Body corporate	New Zealand	100	Foreign	New Zealand
MTD Holdings Limited (in Liquidation)	Body corporate	United Kingdom	100	Foreign	United Kingdom
GJD Manufacturing Limited	Body corporate	United Kingdom	100	Foreign	United Kingdom
Subsidiaries of BQT Solutions (UK) Limited					
BQT Solutions America Inc	Body corporate	USA	100	Foreign	USA

(1) This entity is part of a tax-consolidated group under Australian taxation law, for which AVA Risk Group Limited is the head entity.

None of the entities disclosed was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' Declaration

In accordance with a resolution of the directors of AVA Risk Group Limited, I state that:

1. In the opinion of the directors

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Consolidated Entity are in accordance with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

(ii) complying with International Financial Reporting Standards as stated in Note 1.1 of the consolidated financial statements; and

(b) the Consolidated entity disclosure statement as at 30 June 2024 set out on pages 81-82 is true and correct; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

On behalf of the Board

David Cronin
Chairman
27 August 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of AVA Risk Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AVA Risk Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Capitalisation of development costs

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 13, the Group capitalised development costs in relation to their respective product development projects. The Accounting Standards require development costs to be capitalised only under specific circumstances, including: • It is technically feasible to complete the intangible asset; • There is clear intention to complete; • There are adequate technical, financial and other resources to complete the asset; • Future economic benefits are probable; and • Expenditure can be measured reliably. This is a key audit matter as significant judgement is required to establish the point at which capitalisation should commence, the nature of costs to be capitalised, the point at which capitalisation should cease and amortisation should commence.	Our procedures included, but were not limited to: • Performed walkthrough procedures to understand the process of capitalisation and the nature of costs incurred. • Interviewed project managers for a sample of projects to obtain a status update on development activities. • For a sample of projects, we tested whether the capitalised costs relate to a technologically feasible product, assessed the future economic benefits to be generated by the product and the useful economic life assigned. • For labour costs capitalised, we agreed a sample of costs back to underlying payroll records and obtained a sample of timesheet confirmations from employees to verify that the time charged to projects is accurate. • For non-salary costs capitalised, we agreed a sample of items to underlying evidence to determine whether they relate to a valid addition and have been correctly recorded. • Evaluated the reasonableness of the useful life of development costs classified as intangible assets and recalculated the amortisation charges on a sample basis to verify whether they are in accordance with the useful economic life assigned by management. • Assessed the appropriateness of disclosures included in the financial report with reference to the requirements of Australian Accounting Standards.

Impairment of goodwill and other intangible assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Notes 13 and 14, at 30 June 2024 the Group has intangible assets related to trademarks, patents, development costs and goodwill. Goodwill and other intangible assets are assessed for impairment annually and when there are indicators of impairment. This is a key audit matter because the impairment assessment process is complex and is required to be carried out at the level of the lowest identifiable cash generating units ('CGUs'). The assessment requires significant judgement and includes assumptions that are based on future operating results, discount rates and the broader market conditions in which the Group operates.	Our procedures included, but were not limited to: • Obtaining an understanding of the process that management undertook to perform its impairment assessment. • Evaluating the level at which goodwill is monitored for impairment, including the identification of CGUs. In conjunction with our internal valuation specialists, we: • Evaluated the value-in-use models prepared by management and assessed the reasonableness of the assumptions used to calculate the discount rates, growth rates, terminal values and allocation of corporate costs. • Agreed the forecasted cashflows for FY25 to the latest Board approved budget. • Assessed historical forecasting accuracy. • Compared the market capitalisation of the Group to the consolidated net assets at balance date. • Confirmed the integrity and mathematical accuracy of the value-in-use discounted cashflows models. • Subjected the growth and discount rates assumptions to sensitivity analysis to understand the trigger point for impairment and assessed the likelihood of such movements in those key assumptions arising. • Verified the accuracy of any impairment charges recorded for the year ended 30 June 2024. • Assessed the appropriateness of the disclosures in the financial report with reference to the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 31 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of AVA Risk Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

Wai Aw
Director

Melbourne, 27 August 2024

Shareholder Information

Distribution of equity securities (as at 19 August 2024)

Ordinary Share Capital

289,520,722 fully paid ordinary shares are held by 3,155 shareholders. All issued ordinary shares carry one voter per share and carry the rights to dividends.

The number of shareholders, by size of holding, in each class are:

Size of Shareholding	Number of holders	Ordinary Shares held	% of issued share capital
1-1,000	322	153,013	0.050
1,001-5,000	971	2,811,194	0.970
5,001-10,000	512	4,074,041	1.410
10,001-100,000	1,055	35,509,747	12.270
100,001-9,999,999,999	295	246,972,727	85.300
Totals	**3,155**	**289,520,722**	**100.00**

The number of shareholders holding less than a marketable parcel of 5,000 (based on a the share price of $0.10 on 19 August 2024) is 1,194 and they hold 2,469,207 shares.

Substantial shareholders (as at 19 August 2024)

	Fully paid ordinary shares	
Name of Shareholders	Number of shares	% of issues share capital
Pandon Holdings Pte Limited	32,463,070	11.21%
Valwren Pty Limited	14,133,800	4.88%
	46,596,870	**16.09%**

Twenty largest shareholders (as at 19 August 2024)

	Name of Shareholders	Number of shares	% of issues share capital
1	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	31,950,717	11.04%
2	BNP PARIBAS NOMS PTY LTD	16,051,154	5.54%
3	MR STEPHEN ROSS CAREW <BMS A/C>	13,000,000	4.49%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,208,375	3.53%
5	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	9,948,859	3.44%
6	DIXSON TRUST PTY LIMITED	9,032,306	3.12%
7	VALWREN PTY LIMITED <WFIT A/C>	7,500,000	2.59%
8	VALWREN PTY LIMITED <SANDY FAMILY INVESTMENT A/C>	7,500,000	2.59%
9	CHAG PTY LTD	5,930,769	2.05%
10	CITICORP NOMINEES PTY LIMITED	5,577,332	1.93%
11	MARK IAN TIBBENHAM	5,110,054	1.77%
12	BFA SUPER PTY LTD <GDN SUPERANNUATION FUND A/C>	4,612,850	1.59%
13	MR DAVID MALCOLM SOUTH	4,250,000	1.47%
14	BFA SUPER PTY LTD <GDN SUPER FUND A/C>	3,978,384	1.37%
15	GOVINDARAJALOO NARASIMOOLOO	3,180,027	1.10%
16	GOLDRUSH FUND PTY LTD <GOLDRUSH A/C>	3,000,000	1.04%
17	MR ROBERT ANDREW BROOMFIELD	2,944,807	1.02%
18	MR ATHAR JAMEEL BHUTTO	2,677,777	0.93%
19	CHERYL LEE TAPANES	2,600,000	0.90%
20	BANNABY INVESTMENTS PTY LTD <BANNABY SUPER FUND A/C>	2,560,244	0.88%
		151,613,655	**52.36%**

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.