



4C Security Solutions Limited

ABN 89 000 029 265

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Tuesday 31 august 2010

Company Announcements
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000
By electronic transmission

Dear Sir/Madam,

Preliminary Final Report (Appendix 4E)

In accordance with the requirement of ASX Listing Rule 4.3 A, attached is Appendix 4E Preliminary Final Report for 4C Security Solutions Ltd.

Enclosed please find the Preliminary Final Report (Appendix 4E) for your reference.

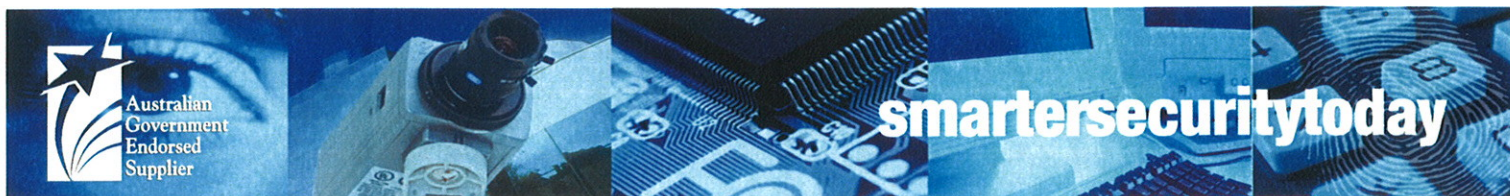
Yours faithfully,
On behalf of 4C Security Solutions Limited

A handwritten signature in black ink, appearing to be 'Allan Kwok', written over a horizontal line.

Allan Kwok
Director

AK/dt
Encl.

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Appendix 4E

Preliminary final report

Name of entity

4C Security Solutions Limited

ABN or equivalent company
reference

89 000 029 265

Preliminary
final

Financial period ('current period)

30 June 2010

Result for announcement to the market

	\$A'000			
Revenues from ordinary activities	Down	25%	to	3,605
Profit (loss) from ordinary activities after tax attributable to members	Up	78%	to	(842)
Profit (loss) from ordinary activities after tax attributable to members	Gain(loss)	-		-
Net profit (loss) for the period attributable to members	Up	78%	To	(842)
Dividends(distribution)	Amount per security		Franked amount per security	
Final dividend		Nil		Nil
Previous corresponding period		Nil		Nil
*Record date for determining entitlements to the dividend (in the case of a trust, distribution)	N/A			

There are no dividend reinvestment plans in operation. No dividends have been declared or paid during the current or previous financial year.

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Consolidated Income Statement

Revenue and expenses from ordinary activities	Current Period A\$ 000	Previous corresponding period A\$ 000
Revenue from sales or services	3,605	4,542
Interest revenue	1	25
Other		-
Total revenues from ordinary activities	3,606	4,567
<i>Details of relevant expenses:</i>		
Cost of sales	(2,180)	(1,899)
Corporate / office costs	(394)	(1,045)
Employee costs	(1,411)	(2,512)
Communication costs	(96)	(167)
Provision for non recovery loans	-	(171)
Consulting Fees	(382)	(412)
Marketing/travel expenses	(20)	(717)
Loss on disposal of fixed assets	-	-
Foreign exchange gain/(loss)	6	(12)
Provision for obsolescence	-	-
Share based payment expense	-	(16)
Other expenses	(171)	(28)
Depreciation and amortisation	(98)	(138)
Impairment of Intellectual Property	-	(1,521)
Total expenses from ordinary activities	(4,747)	(8,638)
Borrowing costs	(82)	(2)
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	(1,222)	(4,073)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	(1,222)	(4,073)
Research & Development Grant	380	357
Net Profit(loss)	(842)	(3,716)
Net loss attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	(842)	(3,716)

There have been no non-owner transaction changes in equity during the current financial year

Earnings per share	Current period	Previous corresponding period
Basic EPS	(0.058) cents	(5.7) cents
Diluted EPS	(0.058) cents	(5.7) cents

Management discussion***Background***

The initiatives implemented by the Company to reduce operating costs during the preceding two years have provided a significantly better outcome to investors as the global financial crisis continues to delay the Company's opportunities to achieve sales revenue growth. There has been significant delay and an increased level of uncertainty in much of the Company's sales pipeline. As market conditions improve, the Company expects to be in a position to continue strategies to accelerate revenue growth.

Sales Revenues

Sales Revenue for the year decreased by 21%. The Company discontinued its direct sales activities in the UAE and USA due to a slowing of sales growth opportunities as a result of the Global Financial Crisis and the fixed costs of supporting direct sales operations. The Company will continue in these markets using distributors, integrators and direct sales from Australia and the UK offices.

Expenses

The cost reduction platform implemented during the previous two years has enabled the Company's cost base to be minimised during a period where revenue growth is delayed and has a reduced certainty. Costs are down 44.1% on the previous year.

Private Placement Activities

The Company made private placements to sophisticated investors, raising \$1,435 K during the year (after capital raising costs).

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Consolidated Balance Sheet	Current period AS 000	Previous corresponding period AS 000
Current Assets		
Cash	967	192
Receivables	1,601	813
Inventories	628	955
Other (provide details if material)	204	205
Total current assets	3,399	2,165
Non-current assets		
Receivables	-	-
Loans	97	-
Other investments	99	99
Other property, plant and equipment (net)	215	279
Intangibles (net)	-	-
Other	-	145
Total non-current assets	411	523
Total assets	3,811	2,688
Current liabilities		
Payables	1,157	1,402
Tax liabilities	-	108
Provisions exc. Tax liabilities	63	134
Other	749	-
Total current liabilities	1,969	1,644
Non-current liabilities		
Interest bearing liabilities	-	-
Other liabilities	331	126
Provisions exc. tax liabilities Other	-	-
Total non-current liabilities	331	126
Total Liabilities	2,300	1,770
Net Assets	1,511	918
Equity		
Capital/contributed equity	59,523	58,088
Reserves	24,308	24,308
Retained profits (accumulated losses)	(82,320)	(81,478)
Equity attributable to members of the parent entity		
Outside [†] equity interests in controlled entities		
Total Equity	1,511	918

Consolidated retained profit	Current period AS 000	Previous corresponding period AS 000
Retained profits (accumulated losses) at the beginning of the financial period	(81,478)	(77,762)
Net profit (loss) attributable to shareholders	(842)	(3,716)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Retained profits (accumulated losses) at end of financial period	(82,320)	(81,478)

Consolidated Cash flow	Current period AS 000	Previous corresponding period AS 000
Cash flow from operating activities		
Receipts from customers	3,050	5,453
Payments to suppliers and employees	(4,172)	(8,280)
Interest and other items of similar nature received	1	16
Interest and other costs of finance paid	(18)	(1)
Other Receipts	380	275
Net operating cash flows	(759)	(2,537)
Cash flows related to investing activities		
Payment for purchases of property, plant & equipment	(28)	(107)
Other	-	(99)
Net investing cash flows	(28)	(206)
Cash flows related to financing activities		
Proceeds from issues of ⁺ securities (shares, options, etc.)	1,435	3,025
Proceeds from borrowings	1,095	125
Repayment of borrowings	(890)	-
Dividends paid	-	-
Other-Capital raising costs	(62)	(321)
Net financing cash flows	1,578	2,830
Net increase (decrease) in cash held	791	85
Cash at beginning of period	192	107
<i>(see Reconciliation of cash)</i>		
Exchange rate adjustments	(16)	-
Cash at end of period	967	192
<i>(see Reconciliation of cash)</i>		

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows	Current period AS 000	Previous corresponding period AS 000
Cash on hand and at bank	967	192
Deposit at call		
Bank overdraft		
Other (term deposit)		
Total cash at the end of the period	967	192

EARNINGS PER SECURITY (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027:

'Earnings Per Share' has been calculated as follows:

The basic weighted of 146,347,564 ordinary shares over 365 days to 30 June 2010.

NET TANGIBLE ASSETS BACKING BY ORDINARY SECURITIES

NTA backing by ordinary securities	Current period AS 000	Previous corresponding period AS 000
Net tangible asset backing per ordinary security	0.103 cents	0.141 cents

SEGMENT REPORTING

	Current period A\$ 000	Previous corresponding period A\$ 000
Segment Revenue		
Australia	1,411	1,893
UAE	117	1,200
UK	1,813	913
USA	263	561
Total Revenue	3,605	4,567
Segment Result		
Australia	(310)	(3,060)
UAE	(435)	(579)
UK	92	106
USA	(190)	(183)
Unallocated expenses	-	-
Total Result	(843)	(3,716)
Segment Assets		
Australia	2,099	1,513
UAE	474	553
UK	1,177	323
USA	62	298
Total Assets	3,811	2,687
Segment Liabilities		
Australia	1,287	1,405
UAE	200	284
UK	813	71
USA	-	10
Total Liabilities	2,300	1,770

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SECONDARY SEGMENT REPORTING

	Current period A\$ 000	Previous corresponding period A\$ 000
SALES	2010	2009
SMART CARD SECURITY ACCESS SYSTEMS	3,605	4,542
INVESTMENT	1	25
TOTAL	3,606	4,567

	2010	2009
ASSETS	2010	2009
SMART CARD SECURITY ACCESS SYSTEMS	3,811	2,687
INVESTMENT	-	-
TOTAL	3,811	2,687

Additional notes to Appendix 4E**Basis for accounts preparation****a) Basis of preparation of the preliminary final report**

The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting and Urgent Issues Group consensus views. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those applied in the 30 June 2009 Annual Financial Report.

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This preliminary final report does not include full note disclosures of the type normally included in an annual financial report.

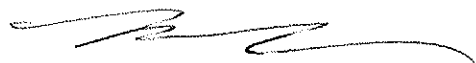
b) **Going concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred an operating loss of \$842 K, during the year ended 30 June 2010. The Directors nevertheless believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The signs of the global financial recovery are mixed, especially in the countries where the Company is operating, at the time this preliminary report is put together.
- The financial security access market is expected to grow significantly over the next years with the competition increasing fiercely, especially from Asian technologies/manufacturers and global security players.
- The Company continues to raise sufficient working capital from investors to be able to complete its turnaround and achieve the objectives as contemplated in the business plan.
- The Company's products are accepted internationally by the major Security Contractors and should result into increased sales revenue.

Other information

This report is based on accounts which are in the process of being audited.



Allan Kwok

Director

31.08.2010

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