

# **SCOUT SECURITY LIMITED**

**Financial Report  
For the period ended 31 December 2016**

**SCOUT SECURITY LIMITED**  
**CONTENTS PAGE**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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Director's Report	3
Auditors Independence Declaration	7
Financial Report	
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Director's Declaration	18
Independent Auditor's Report	19

**SCOUT SECURITY LIMITED  
DIRECTOR'S REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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The directors present their report, together with the financial report of Scout Security Limited (“the company”) for the period from incorporation (being 13 October 2016) to 31 December 2016 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards and for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus.

**Directors**

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

- Mr. Ananda Kathiravelu (appointed 13/10/2016)
- Mr. John Daniel Moore (appointed 13/10/2016)
- Mr. Michael Shaw-Taylor (appointed 13/10/2016)

Directors were in office for this entire period unless otherwise stated.

**Principal activities**

The principal activity of the company during the financial year was to acquire Scout Security Inc. (a Delaware C Corporation), which engages in the business of offering and managing home security products. The Company has entered into a binding Heads of Agreement with the Majority Stockholders of Scout Security Inc. to acquire 100% of the issued capital of Scout.

**Financial results**

The financial results of the company for the period ended 31 December 2016 are:

	<b>31 December 2016</b>
Cash and cash equivalents (AUD \$)	40,162
Net assets (AUD \$)	(603,052)
Total revenue (AUD \$)	-
Net loss after tax (AUD \$)	(603,053)

**Review of operations**

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

There were no significant changes in the company's state of affairs that occurred during the financial period.

**SCOUT SECURITY LIMITED  
DIRECTOR'S REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**After balance date events**

Following the end of the financial year Scout Security Limited has completed a seed capital raising of \$690,000.00 by issuing 4,000,000 ordinary shares at an issue price of \$0.16 per share and 1,000,000 shares at \$0.05 per share.

The Company is currently in progress for an Initial Public Offering ('IPO'). At the signing date of this financial report this process is still in progress. The fundraising under this prospectus is expected to raise up to \$6,000,000.

Other than the above, there have been no other matters or circumstances which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2016, of the company.

**Information on directors and officers**

Name	Stuart Usher
Title	Company Secretary
Qualifications	MBA CPA AGIA ACIS BBus
Experience	Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

Special Responsibilities	None
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Name	Michael Shaw-Taylor
Title	Director
Qualifications	BBus LLB
Experience	Mr Shaw-Taylor is a Analyst at Armada Capital which is a corporate finance firm providing a variety of transaction execution, capital raising and advisory services to domestic and international businesses. His role covers four key areas: <ul style="list-style-type: none"><li>1. Origination - source transactions including private and public capital raising, initial public offerings (IPOs), M&amp;A and advisory</li><li>2. Structuring - liaise with various stakeholders to structure, facilitate and execute transactions</li><li>3. Sales - sell our equity and debt products to our network of sophisticated &amp; institutional investors</li><li>4. Research &amp; Advisory - provide company, industry and macro-economic research &amp; advise our corporate clients</li></ul>

Prior to this position he has worked at various roles as analyst at National Australia Bank and Barclays.

**SCOUT SECURITY LIMITED  
DIRECTOR'S REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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Special Responsibilities	None
Name	Ananda Kathiravelu
Title	Director
Qualifications	BBus Grad Dip Applied Finance & Investment
Experience	Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd), Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.

Special Responsibilities	None
Name	John Daniel Moore
Title	Director
Qualifications	BEcon LLB
Experience	Daniel Moore recently sat on the non-executive board of Coronado Resources Ltd before it listed on the ASX as a specialty pharmaceutical business Race Oncology Ltd. He was also a non-executive director of Stratum Metals Ltd before it undertook a reverse takeover merger with retail energy company Locality Planning Energy Ltd and sits on the board of iCollege Limited. Previously he spent ten years as a Financial Advisor for Wilson HTM focusing on emerging companies. Before that he worked for Morgan Stanley in London for 4 years. He holds a Bachelor of Economics and Law.

Special Responsibilities      None

**Likely developments and expected results of operation**

The company expects to maintain the present status and level of operations.

**Director's Meetings**

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

2016	Directors' meetings eligible to attend	Directors' meetings attended
<b>Directors</b>		
Michael Shaw-Taylor	2	2
Anada Kathiravelu	2	2
John Daniel Moore	2	2

**SCOUT SECURITY LIMITED  
DIRECTOR'S REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**Shares under option**

Unissued ordinary shares of Scout Security Limited under option at the date of this report are as follows:

Expiry date	Exercise price	Balance at start of year	Issued during the year	Cancelled/ lapsed during the year	Balance at end of the year
-	-	-	-	-	-

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

**Environmental regulation**

The company's operations are not regulated by any significant environmental regulation under a law.

**Dividends paid, recommended and declared**

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

**Indemnification of officers**

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the company.

**Indemnification of auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the company.

**Auditor's independence declaration**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 7.

This report is made in accordance with a resolution of the Directors.



Michael Shaw-Taylor  
**Director**  
13 April 2017

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SCOUT SECURITY LIMITED

As lead auditor of Scout Security Limited for the period ended 31 December 2016, 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.



**Dean Just**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 13 April 2017

**SCOUT SECURITY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	Notes	<u>31-December-16</u>
		AUD \$
<b>Revenue</b>		
Sales income		-
		<u>-</u>
<b>Expenses</b>		
Professional fees		103,053
Acquisition option fee expense		500,000
		<u>603,053</u>
<b>Loss from continuing operations before income tax</b>		
Income tax expense		-
<b>Loss from continuing operations after income tax</b>		<u>603,053</u>
Other comprehensive income, net of tax		-
<b>Total other comprehensive loss for the period</b>		<u>603,053</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.



**SCOUT SECURITY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

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	Notes	<u>31-December-16</u> AUD \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4	40,162
Trade and other receivables	5	9,758
<b>Total Current Assets</b>		<u><b>49,920</b></u>
<b>TOTAL ASSETS</b>		<u><b>49,920</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	6	515,172
Shares applications held in trust		137,800
<b>Total Current Liabilities</b>		<u><b>652,972</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>652,972</b></u>
<b>NET ASSETS</b>		<u><b>(603,052)</b></u>
<b>EQUITY</b>		
Incorporation capital	7	1
Accumulated losses	8	(603,053)
<b>TOTAL EQUITY</b>		<u><b>(603,052)</b></u>

The Statements of Financial Position is to be read in conjunction with the accompanying notes.

**SCOUT SECURITY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>AUD \$</b>	<b>AUD \$</b>	<b>AUD \$</b>
<b>Balance at incorporation</b>	-	-	-
<b>Comprehensive income:</b>			
Loss after income tax expense for the period	-	(603,053)	(603,053)
<b>Total comprehensive loss for the period</b>	-	<b>(603,053)</b>	<b>(603,053)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Incorporation capital	1	-	1
<b>At 31 December 2016</b>	<b>1</b>	<b>(603,053)</b>	<b>(603,052)</b>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**SCOUT SECURITY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	<b>Notes</b>	<b>31-December-2016</b>
		<b>AUD \$</b>
<b>Cash flows from operating activities</b>		
Option fee payment		(97,639)
<b>Net cash flows from operating activities</b>	4(b)	<b>(97,639)</b>
<b>Cash flows from financing activities</b>		
Share application funds received		137,800
Incorporation capital		1
<b>Net cash flows from financing activities</b>		<b>137,801</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>40,162</b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at the end of the period</b>	4(a)	<b>40,162</b>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***a) Basis of preparation of the financial report***

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Scout Security Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Scout Security Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

*Comparative information*

This report presents the financial information for the 3 month period ended 31 December 2016. Given the Company was incorporated on the 13<sup>th</sup> October 2016 there are no comparatives for this reporting period.

*Functional and presentation currency*

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity's functional currency.

**SCOUT SECURITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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***b) Going concern***

For the period ended 31 December 2016 the company has incurred a net loss of AUD\$603,053 and experienced net cash outflows from operations of AUD\$97,639. As at 31 December 2016 the cash balance is at \$40,162.

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the company to continue as a going concern is dependent upon the success of the fundraising under the prospectus to continue to fund its operational activities.

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

The Director believes there are sufficient funds to meet the company's working capital requirements as at the date of this report.

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

- Expected successful completion of the fundraising under the prospectus to raise up to \$6,000,000

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

***c) New, revised or amending Accounting Standards and Interpretations adopted***

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

***d) Income tax***

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be

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**SCOUT SECURITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

***e) Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

***f) Trade and other payables***

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

***g) Issued Capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***h) Current and non-current classification***

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

***i) Fair value measurement***

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**SCOUT SECURITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 DECEMBER 2016**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2016. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables historical collection rates and specific knowledge of the individual debtors financial position.

**NOTE 4: CASH AND CASH EQUIVALENTS**

**(a) Reconciliation to cash at the end of the period**

	<u>31-December-16</u> AUD \$
Cash at bank and in hand	40,162
	<u>40,162</u>

**(b) Reconciliation of net loss after income tax to net cash flows used in operating activities**

	<u>31-December-16</u> AUD \$
<b>Net loss after income tax</b>	(603,053)
<b>Changes in assets and liabilities:</b>	
(Increase)/decrease in trade and other receivables	(9,758)
Increase/(decrease) in trade and other payables	515,172
<b>Net cash flows used in operating activities</b>	<u>(97,639)</u>

**SCOUT SECURITY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**NOTE 5: TRADE AND OTHER RECEIVABLES**

	<u>31-December-16</u>
	AUD \$
GST receivable	9,758
	<u>9,758</u>

**NOTE 6: TRADE AND OTHER PAYABLES**

	<u>31-December-16</u>
	AUD \$
Trade and other payables	510,172
Accrued expenses	5,000
	<u>515,172</u>

**NOTE 7: ISSUED CAPITAL**

	<u>31-December-16</u>
	AUD \$
Incorporation capital	1
	<u>1</u>

**(a) Movements in Ordinary Shares**

<u>DATE</u>	<u>DETAILS</u>	<u>ISSUE AUD (\$)</u>
<b>Balance at incorporation</b>	<b>Opening balance</b>	-
13 October 2016	Issue of shares on incorporation	1
<b>31 December 2016</b>	<b>Closing balance</b>	<u>1</u>

**Capital management**

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

**NOTE 8: ACCUMULATED LOSSES**

	<u>31-December-16</u>
	AUD \$
<b>Balance at incorporation</b>	-
Loss after income tax expense for the period	603,053
<b>Balance at the end of the period</b>	<u>603,053</u>



**SCOUT SECURITY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**NOTE 9: REMUNERATION OF AUDITORS**

During the financial period the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company:

	<u>31-December-16</u>
	<u>AUD \$</u>
<i>Audit services - BDO Audit (WA) Pty Ltd</i>	
Audit of the financial statements	5,000
	<u>5,000</u>

**NOTE 10: COMMITMENTS**

The company had no commitments as at 31 December 2016.

**NOTE 11: CONTINGENT LIABILITIES**

The company had no contingent liabilities as at 31 December 2016.

**NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE**

Following the end of the financial year Scout Security Limited has completed a seed capital raising of \$690,000.00 by issuing 4,000,000 ordinary shares at an issue price of \$0.16 per share and 1,000,000 shares at \$0.05 per share.

The Company is currently in progress for an Initial Public Offering ('IPO'). At the signing date of this financial report this process is still in progress. The fundraising under this prospectus is expected to raise up to \$6,000,000.

**NOTE 13: COMPANY DETAILS**

The registered office and principal place of business of the company is:  
Unit 7, 151 Macquarie Street  
Sydney NSW 2000

**SCOUT SECURITY LIMITED  
DIRECTORS DECLARATION  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of Scout Security Limited;
- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Michael Shaw-Taylor

**Director**

13 April 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of Scout Security Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Scout Security Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the period ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

#### Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1(b) in the financial report which describes the conditions which give risk to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and there the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

#### Emphasis of matter - Basis of accounting

We draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the period ended 31 December 2016, 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 the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have 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 at:

[http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint blue BDO logo.

**Dean Just**  
**Director**

Perth, 13 April 2017