



ABN: 66 119 641 986

APPENDIX 4E PRELIMINARY FINAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2017**

1. Reporting Period

Reporting period: ("Current period") Year ending 30 June 2017

Previous corresponding period Year ending 30 June 2016

2. Results for announcement to the market

				\$'000
Revenue	up	53%	to	18,101
Profit from ordinary activities after tax attributable to members excluding significant items	up	318%	to	442
Net profit for the year attributable to members including significant items				459

The previous year included the impairment of goodwill of \$4.40m, the amortisation and impairment of contracts acquired of \$1.95m and a \$0.30m reversal of a contingent element of the Security Business purchase price no longer payable.

	Amount per share (cents)	Franked amount per share (cents)
Dividends		
Final: Current Year	0.322	-
Final: Previous Year	-	-
Interim: Current Year	-	-
Interim: Final Year	-	-

The Board is currently considering the Company's financing position going forward, including dividend payments.

3. Condensed Consolidated Income Statement

	30 June 2017	30 June 2016
	\$'000	\$'000
Revenue	18,101	11,829
Gross profit	3,935	2,803
Employee expenses & benefits	(1,705)	(1,208)
Depreciation of Property, Plant & Equipment	(176)	(131)
Overhead & administrative expenses	(1,171)	(1,271)
Other income & expenses	(288)	(139)
	(3,340)	(2,749)
Significant items		
Reversal of Intiga contingent consideration	-	300
Gain on capital restructure (Note 16a)	300	-
Recognition of previously undisclosed liabilities (Note 16b)	(283)	-
Legal costs of share buy-back (Note 16c)	(82)	
Impairment of goodwill	-	(4,403)
Impairment and amortisation of customer contracts acquired	-	(1,945)
	(65)	(6,048)
Total overheads	(3,405)	(8,797)
Profit / (loss) before tax	530	(5,994)
Income tax (expense) / benefit	(71)	86
Total comprehensive profit / (loss) for the year	459	(5,908)

The previous year includes 8 months of trading of the Security businesses, which were acquired effective 1 November 2015.

4. Condensed Consolidated Balance Sheet

	30 June 2017	30 June 2016
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	1,193	2,353
Trade and other receivables	2,739	2,067
Inventory	20	13
	3,952	4,433
Non-Current Assets		
Plant and equipment	254	468
Other	2	2
	256	470
Total Assets	4,208	4,903
Current Liabilities		
Trade and other payables	1,589	2,427
Provisions	549	451
Financial liabilities	-	185
Income tax	(38)	4
	2,100	3,067
Non-Current Liabilities		
Provisions	175	107
Related party loan	287	-
	462	107
Total Liabilities	2,562	3,174
Net Assets	1,647	1,729
Equity		
Issued capital (Note 6)	18,051	17,944
Other reserves	232	232
Accumulated losses	(16,637)	(16,447)
	1,647	1,729

5. Condensed Consolidated Statement of Cashflows

	30 June 2017	30 June 2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	19,464	11,128
Payments to employees, suppliers and directors	(17,527)	(10,094)
Payments for BAS	(1,604)	(591)
Income tax paid	(114)	(120)
Net cash provided by operating activities	219	323
Cash flows from investing activities		
Interest received	21	19
Payment for Plant & Equipment	(90)	(26)
Payment for finance leases (net of vendor contribution)	-	36
Working capital balances at acquisition of Security Businesses	-	642
Payment for acquisition of subsidiaries	-	(3,780)
Net cash used in investing activities	(69)	(3,109)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	4,500
Vendor liability reduction	(667)	-
Related party loan reduction	(100)	-
Payments for share issue costs	-	(578)
Dividends paid	(542)	-
Net cash (used in) / provided by financing activities	(1,309)	3,922
Net (decrease) / increase in cash and cash equivalents	(1,159)	1,136
Cash / cash equivalents at beginning of financial year	2,353	1,217
Cash / cash equivalents at end of financial year	1,193	2,353

6. Securities on Issue

During the year 4,291,716 shares were issued pursuant to the Dividend Reinvestment Plan (DRP) at \$0.025 each (2016:146,000,000 ordinary securities were issued at \$0.05 each).

The Company had the following securities on issue at the date of this report:

	Number
Ordinary Shares	
Ordinary Shares 1 July 2016	201,610,212
Ordinary Shares issued in Year under DRP	4,291,716
On issue at date of this Report	205,901,928
Anticipated post 30 June 2017 share reduction, subject to shareholder approval (refer below)	(18,000,000)
	187,901,928
Options	Number
Quoted options RGXOA Ex \$0.44 exp 15/11/2017	4,000,047

As advised to shareholders in September 2016, the Company entered into a selective buy-back agreement to buy back 18,000,000 shares held by Mr John Bartholomew Boardman (Buy-Back Shares) which had originally been issued by the Company in consideration for the Company's purchase of all the issued capital in John Boardman Pty Ltd (then trading as Intiga Security). The Buy-Back Shares were to be cancelled by the Company and, in consideration, Mr John Bartholomew Boardman was to be issued with 27,000,000 unlisted \$0.06 options.

Subsequently, a dispute in relation to the Buy Back Shares arose.

As advised to shareholders on 18 August 2017 by way of a Notice of Meeting scheduled for 19 September 2017, the Company and Mr John Bartholomew Boardman have now reached agreement on the terms of a revised agreement whereby, subject to shareholder approval, the Company will buy back the Buy Back Shares in consideration for paying Mr John Bartholomew Boardman a cash sum of \$57,960. The previous arrangement to issue 27,000,000 options would then not occur.

7. Dividend reinvestment plan

A Dividend Reinvestment Plan is in place

8. Retained Earnings

	30 June 2017	30 June 2016
	\$'000	\$'000
Accumulated (losses) at beginning of financial year	(16,447)	(10,539)
Net profit (loss) attributable to members	459	(5,908)
Dividend	(649)	-
Accumulated (losses) at end of financial year	(16,637)	(16,447)

9. Net Tangible Assets

	30 June 2017	30 June 2016
	cents	cents
Net tangible asset backing per ordinary share	0.8	0.9

10. Details of entities over which control has been gained or lost

Effective 1 November 2015, though completed on 18 December 2015, the Group completed the acquisition of 100% of the issued share capital and voting rights of MCS Security Group Pty Ltd and John Boardman Pty Ltd.

There have been no subsequent changes in control of entities.

On 17 August 2017 the Australian Taxation Office applied to wind up John Boardman Pty Ltd, a 100% owned subsidiary of the Company, with the court hearing scheduled for 26 September 2017. The entity has negligible assets and does not trade. The winding up is not expected to impact the operations or cashflow of the Company.

11. Details of Associates and Joint Venture Entities

Not applicable

12. Any other significant information

Not applicable

13. Accounting Standards

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001

14. Results for the Period

	30 June 2017	30 June 2016
	cents	cents
Basic earnings per ordinary share	0.225	(4.4)
Weighted Average number of ordinary shares outstanding during the period used in the calculation of basic EPS	203,926,563	133,796,001

15. Return to Shareholders

Not applicable

16. Significant features of operating performance

The Company's revenues, underlying profitability and earnings per share all increased in the financial year.

The Company has maintained all existing clients, with a number taking up options to extend their contract terms and several increasing their hours of coverage. The Company is in discussions with/quoting for further opportunities including Event and Resource sector security.

Subsequent to the year end, and as advised to shareholders on 1 August 2017, the Company acquired the customer base of State Security (WA) Pty Ltd. The acquired customer base includes uniformed security work in retail and tourism locations and prestigious schools across the Perth area. Servicing educational establishments creates a new and exciting addition to the Company's current security portfolio.

The Company is strategically assessing further acquisition directions.

During the year the Company:

- a) Entered into a capital restructure with the vendors of MCS Security Group Pty Ltd (MCS Security) including a \$0.35m reduction in the post-closing payment to be made by the Company to those vendors. Net of a \$0.05m final adjustment of the post-closing payment calculation, this resulted in a credit of \$0.3m to the Consolidated Statement of Profit & Loss;
- b) Became aware of a previously undisclosed \$0.28m of liabilities owed by John Boardman Pty Ltd (Intiga Security) incurred in the period prior to its acquisition by the Company. Such liabilities have been warranted by the vendor. That entity has negligible assets, does not trade and is in the process of being wound up. As such, the accounting recognition of the liabilities is not expected to impact the operations or cashflow of the Company. Nevertheless, having regard to accounting standards, the liability has been recorded in the Consolidated financial statements;
- c) Incurred \$0.08m in legal costs in relation to the Buy-Back Shares dispute issue advised to shareholders on 16 May 2017 and referred to at Section 6 above.

17. Segment Results

All revenue earned during the year, and all non-cash assets included in the Balance Sheet at the year end, relate to the security business as based in Australia.

The acquired security business contributed \$18.10m revenue (2016: \$11.83m), \$3.934m gross profit (2016: \$2.80m) and an operating profit (before significant items) of \$1.04m before tax (2016: \$0.61m before tax)

The parent entity incurred a loss (before significant items) of \$0.45m (2016: \$0.56m loss) before tax during the year, incurring costs of compliance, audit, legal and directors' fees.

18. Trends in Results

The year ended 30 June 2016 was the first reporting year of the Company owning the security businesses, and included 8 months of trading.

19. This Report is based on accounts to which the following applies

The accounts are in the process of being audited.

20. Description of any likely audit dispute or qualification

None

Signed in accordance with a resolution of the directors.



Bob Kucera

The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman
Dated this 31st day of August 2017