



**MAXSEC GROUP LIMITED
AND
ITS CONTROLLED ENTITIES
(ABN 89 000 029 265)**

**APPENDIX 4D - INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

**PROVIDED TO THE ASX
UNDER LISTING RULE 4.2A.3**

This half-year financial report constitutes the Appendix 4D prepared in accordance with the Australian Securities Exchange Listing Rules and the half year financial report in accordance with the Corporations Act 2001. This report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by MaxSec Group Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Appendix 4D

Interim Financial Report for the Half-Year Ended 31 December 2014

Name of entity

MaxSec Group Limited

ABN: 89 000 029 265

1. Reporting period

Report for the half year ended: 31.12.2014.

Previous corresponding period is the financial year ended 30.06.2014 and half year ended 31.12.2013.

2. Results for announcement to the market

Key Information	Half-year Ended 31-Dec-14 \$A'000	Half-year Ended 31-Dec-13 \$A'000	% Change
Revenue from ordinary activities	1,836	1,510	21.64%
Profit/(loss) after tax from ordinary activities attributable to members	231	22	948.57%
Net Profit/(loss) attributable to members	231	22	948.57%
Dividends paid and Proposed (item 2.4)	Amount per security (cents)	Franked amount per security at 30% of Tax (cents)	
2014 Interim dividend	N/A	N/A	
2013 Final dividend			
Previous corresponding period	N/A	N/A	
Record date for determining entitlements to the dividends (item 2.5)			
Explanation of Key Information and Dividends (item 2.6):			
An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.			

3. Net tangible assets per security (item 3)

	Half-year Ended 31-Dec-14 \$/share	Half-year Ended 31-Dec-13 \$/share
Net tangible asset per share	1.08 cents	0.80 cents

4. Details of Control Gained or Lost over Entities in the Half-Year: (item 4)

Control gained over entities

Name of entity (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
Contribution to consolidated profit / (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	A\$'000 -
Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	A\$'000 -

Loss of control over entities

Name of entity (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	A\$'000 -
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	A\$'000 -

5. Dividend Details (item 5)

	Date of payment	Total Amount of dividend
Interim dividend - year ended 30 June 2015	N/A	N/A
Final dividend - year ended 30 June 2014	N/A	N/A

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Total Dividend	Current year	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A

Total dividend on all securities

	Current Period \$A'000	Previous Period \$A'000
Ordinary securities (each class separately)	N/A	N/A
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A

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

The Group does not have any dividend reinvestment plans in operation.

7. Investment in Associates and Joint Venture (item 7)

Material investment in associates or joint ventures are as follows:	% Securities held
BQT Polito Space Technologies Spa	40

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

	2014 A\$'000	2013 A\$'000
Group's share of associates' and joint venture entities':		
Profit (loss) from ordinary activities before tax	Nil	Nil
Income tax on ordinary activities	Nil	Nil
Net profit (loss) from ordinary activities after tax	Nil	Nil
Adjustments	Nil	Nil
Share of net profit (loss) of associates and joint venture entities	Nil	Nil

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian accounting standards.

The half year condensed financial report attached.

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

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

10. Matters relating to a qualified independent review statement

There is no dispute or qualification in the respect of the independent review of the half-year financial report.



MAXSEC GROUP LIMITED
AND
CONTROLLED ENTITIES
(ABN 89 000 029 265)

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

This half year financial report is to be read in conjunction with the financial report of
the year ended 30 June 2014

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Financial Report for the half year ended 31 December 2014	
Consolidated Statement of Profit and Loss and other Comprehensive income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report	14

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half-year:

Robert A Broomfield
Geoffrey J Cleaves
Johan J Landsberg

Review of Operations

The first half of the year to 31 December 2014 has been an exciting period regarding BQT's performance and continued growth. Key achievements during the period are:-

- Successful completion of a number of major projects for both Government and Industry;
- Continued strong sales growth and market interest for the Cobalt range of electric locks;
- Selection as a product supplier to a major US bank;
- Implementation of a strategic distribution focused resource in the US market;
- Increased effort and resource allocated to the Middle East market.
- Marketing efforts for both brand awareness and product marketing has been increased
- All smart reader, keypad and biometric product ranges have our latest technology platform available, providing improved features and cost savings on manufacture, integration and engineered solutions;
- Continued development of new products from our new M2000 hardware platform.

Revenue

The Company's consolidated sales revenue for the half year to 31 December 2014 of \$1,836,417 (\$1,509,717 : half year to 31 December 2013). This represents an improvement of 21.64% (\$326,700) over the corresponding period last year and is reflective of management initiatives to develop additional sales channels and key accounts.

Consolidated Result

The consolidated profit of the Company for the half year ended 31 December 2014 amounted to \$231,231 (\$22,052 profit : half year to 31 December 2013), an improvement of \$209,179 (948.57%) compared to the same period last year.

The result is a significant improvement on the same period in the previous financial year and can be attributed to the continued commitment, focus and implementation of management's key strategic objectives as outlined at the 2014 AGM.

Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2014.

This directors' report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'G Cleaves', written in a cursive style.

Geoffrey J Cleaves
Director
24th day of February 2015

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

WONG & MAYES
CHARTERED ACCOUNTANTS
ABN 33 156 816 885
(Incorporating Powell, Kwok & Co)

LEVEL 16, 309 KENT STREET
SYDNEY N.S.W. 2000
P.O. BOX H189
AUSTRALIA SQUARE, SYDNEY 1215
TELEPHONE (02) 9260 1633
FACSIMILE (02) 9262 1408
mailto:mailbox@wongmayes.com.au
www.wongmayes.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAXSEC GROUP LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

WONG & MAYES
Chartered Accountants



Anita Wong | Partner

Sydney

Date 24th February 2015

**MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	31/12/2014 \$	31/12/2013 \$
Revenue	2	1,836,417	1,509,717
Other income	2	213,271	273,965
Other comprehensive income		-	-
Raw materials and consumables used		(607,919)	(554,537)
Employee benefits expense		(405,147)	(629,608)
Depreciation and amortisation expense		(65,150)	(39,581)
Finance costs		(2,806)	(938)
Other expenses		(737,435)	(536,966)
Profit before income tax		231,231	22,052
Income tax expense		-	-
Profit from continuing operations		231,231	22,052
(Loss)/Profit from discontinued operations		-	-
Profit for the period		231,231	22,052
Profit attributable to:			
- members of the parent entity		231,231	22,052
- non-controlling interest		-	-
		231,231	22,052
Earnings per share			
From continuing and discontinued operations:			
- basic earnings per share (cents)		0.12	0.01
- diluted earnings per share (cents)		0.12	0.01
From continuing operations:			
- basic earnings per share (cents)		0.12	0.01
- diluted earnings per share (cents)		0.12	0.01

The accompanying notes form part of these financial statements.

**MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Consolidated Group	
	31/12/2014	30/06/2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	926,114	1,054,147
Trade and other receivables	757,863	653,382
Inventories	887,314	662,991
Other assets	87,287	79,725
TOTAL CURRENT ASSETS	2,658,578	2,450,245
NON-CURRENT ASSETS		
Property, plant and equipment	67,405	42,202
Intangible assets	1,825,951	1,576,520
TOTAL NON-CURRENT ASSETS	1,893,356	1,618,722
TOTAL ASSETS	4,551,934	4,068,967
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	426,824	341,941
Provisions	210,595	207,924
TOTAL CURRENT LIABILITIES	637,419	549,865
NON-CURRENT LIABILITIES		
Provisions	38,765	38,765
TOTAL NON-CURRENT LIABILITIES	38,765	38,765
TOTAL LIABILITIES	676,184	588,630
NET ASSETS	3,875,752	3,480,337
EQUITY		
Issued capital	60,761,198	60,761,198
Reserves	24,464,520	24,300,336
Retained earnings	(81,349,966)	(81,581,197)
Parent entity interest	3,875,752	3,480,337
Non-controlling interest	-	-
TOTAL EQUITY	3,875,752	3,480,337

The accompanying notes form part of these financial statements.

**MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED
31 DECEMBER 2014**

Consolidated Group	Ordinary Share Capital	Share Based Expenses Reserves	Capital Profit Reserve	Foreign Currency Translation Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	60,261,198	23,276,902	1,031,042	29,449	(81,768,390)	2,830,201
Comprehensive income						
Profit for the period	-	-	-	-	22,052	22,052
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	22,052	22,052
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	77,419	-	77,419
Total transactions with owners and other transfers	-	-	-	77,419	-	77,419
Balance at 31 December 2013	60,261,198	23,276,902	1,031,042	106,868	(81,746,338)	2,929,672
Balance at 1 July 2014	60,761,198	23,276,902	1,031,042	(7,608)	(81,581,197)	3,480,337
Comprehensive income						
Profit for the period	-	-	-	-	231,231	231,231
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	231,231	231,231
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	164,184	-	164,184
Total transactions with owners and other transfers	-	-	-	164,184	-	164,184
Balance at 31 December 2014	60,761,198	23,276,902	1,031,042	156,576	(81,349,966)	3,875,752

The accompanying notes form part of these financial statements.

**MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2014**

	Consolidated Group	
	31/12/2014	31/12/2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,934,061	1,154,920
Payments to suppliers and employees	(1,910,326)	(2,061,782)
Dividends received	-	-
Interest received	12,865	9,181
Finance Costs	(2,806)	-
Income tax paid	-	-
R & D Tax Refund	-	272,675
Net cash (used in)/provided by operating activities	33,794	(625,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	-	-
Purchase of capital expenditure (Product Capitalisation)	(146,486)	-
Purchase of property, plant and equipment	(14,908)	-
Net cash used in investing activities	(161,394)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Repayment of borrowings	-	-
Net cash (used in)/provided by financing activities	-	-
Net decrease in cash held	(127,600)	(625,006)
Cash and cash equivalents at beginning of period	1,054,147	1,183,237
Exchange Adjustment	(433)	15,482
Cash and cash equivalents at end of period	926,114	573,713

The accompanying notes form part of these financial statements.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MaxSec Group Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

The interim financial statements were authorised for issue on 23rd February 2015.

b. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of other new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not materials.

NOTE 2: REVENUE AND OTHER INCOME FOR THE PERIOD

	Consolidated Group	
	31/12/2014	31/12/2013
	\$	\$
Revenue from continued operations		
Sales revenue	1,823,552	1,500,536
Other revenue		
- R & D Tax Refund	213,271	272,675
- Others	-	1,290
Interest income	12,865	9,181
Total revenue and other income from continued operation	2,049,688	1,783,682

NOTE 3: DIVIDENDS

No dividend was declared or paid during the current and previous interim periods.

NOTE 4: BUSINESS COMBINATIONS

No business combination has occurred during the current interim periods.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: OPERATING SEGMENTS

(i) Segment performance

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Six months ended					
31 December 2014					
Revenue					
External sales	1,043,471	282,509	4,611	492,961	1,823,552
Intersegment sales	220,674	-	-	194,213	414,887
Other income	213,249	-	-	22	213,271
Interest revenue	12,865	-	-	-	12,865
Total segment revenue	1,490,259	282,509	4,611	687,196	2,464,575
Segment net profit before tax	785,549	(25,010)	(47,780)	(111,405)	601,354
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Amounts not included in segment result but reviewed by the Board:					
- depreciation and amortisation	(12,238)	-	-	(52,912)	(65,150)
Unallocated items:					
- finance costs					-
- corporate charges					(304,973)
Net profit before tax from continuing operations					<u>231,231</u>

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Six months ended					
31 December 2013					
Revenue					
External sales	797,592	242,298	12,314	448,332	1,500,536
Intersegment sales	243,639	-	-	24,818	268,457
Other income	273,965	-	-	-	273,965
Interest revenue	9,181	-	-	-	9,181
Total segment revenue	1,324,377	242,298	12,314	473,150	2,052,139
Segment net profit before tax	480,199	(46,848)	(51,817)	(28,728)	352,806
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Amounts not included in segment result but reviewed by the Board:					
- depreciation and amortisation	(1,614)	(1,012)	-	(36,955)	(39,581)
Unallocated items:					
- finance costs					-

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: OPERATING SEGMENTS

(i) Segment performance

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
– corporate charges					(291,173)
Net profit before tax from continuing operations					22,052

(ii) Segment assets

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Opening balance 1 July 2014	2,199,460	168,254	33,477	1,667,775	4,068,966
Additions	215,018	53,100	-	240,052	508,169
Disposals	-	-	(25,202)	-	(25,202)
Closing balance 31 December 2014	2,414,478	221,354	8,275	1,907,827	4,551,934

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 7: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of MaxSec Group Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Geoffrey J Cleaves
Director
24th February 2015

MAXSEC GROUP LIMITED AND CONTROLLED ENTITIES TELEPHONE (02) 9290 1633

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MAXSEC GROUP LIMITED**

FACSIMILE (02) 9262 1403
mailto:mailbox@wongmayes.com.au
www.wongmayes.com.au

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MaxSec Group Limited which comprises the consolidated condensed statement of financial position as at 31 December 2014 and the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of MaxSec Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including, giving a true and fair view of MaxSec Group Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MaxSec Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence


In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of MaxSec Group Limited, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MaxSec Group Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of MaxSec Group Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

WONG & MAYES
Chartered Accountants



Anita Wong | Partner

Dated at Sydney this 24th day of February 2015