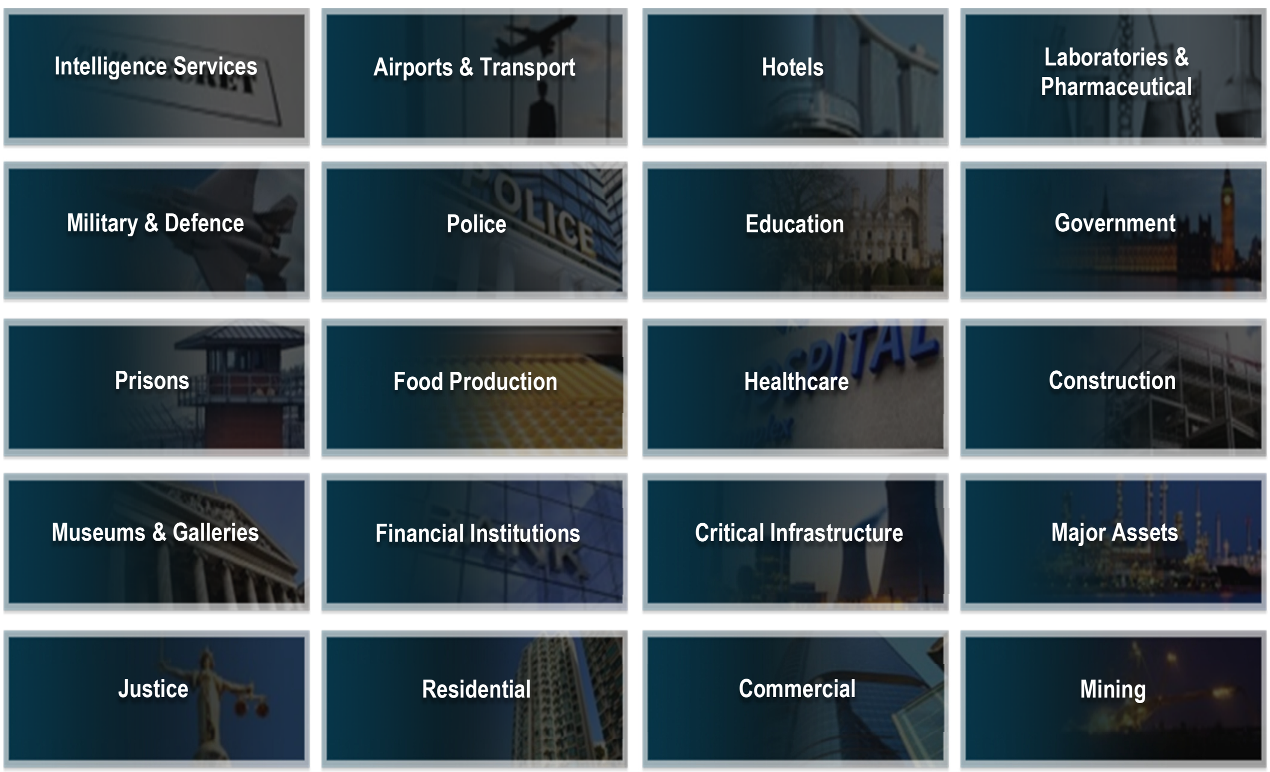
MAXSEC GROUP LIMITED

2015 Annual Financial Report

ABN 89 000 029 265



Whatever the Access Application

bqt SOLUTIONS

Have the secure solution.

Corporate Directory

MaxSec Group Limited
ABN 89 000 029 265

Directors
Robert A Broomfield
(Chairman, Non-Executive Director)

Geoffrey J Cleaves
(CEO and Executive Director)

Jacobus J (Johan) Landsberg
(Non-Executive Director)

Company Secretaries
Jared Pearson
Geoffrey J Cleaves

Registered Office
Unit 29, 1 Talavera Road
North Ryde NSW 2113
Tel: +61 2 8817 2800
Fax: +61 2 8817 2811
Web: www.maxsec.com
Email: investors@maxsec.com

Bankers
Westpac Banking Corporation
60 Martin Place
Sydney NSW 2000

Australia and New Zealand Banking Group Limited
Level 4 Shop 433
Macquarie Shopping Centre, Herring Road
North Ryde NSW 2113

Share Register
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
Tel: +61 8 8236 2300
Fax: +61 8 8236 2305

Auditors
Wong & Mayes, Chartered Accountants
Level 16, 309 Kent Street
Sydney NSW 2000

Australian Stock Exchange Listing
ASX: MSP
Home Exchange Sydney, NSW

About Us

MaxSec Group is a leading global provider of integrated security and turn-key solutions.

MaxSec Group has a world class research and development team, a strong portfolio of proprietary products and, where relevant, sources products through partnerships with leading manufacturers to meet the supply requirements of its customers.

The product portfolio of the Group consists of smart card based access control and biometric solutions and electromechanical locking devices, which are installed in thousands of locations globally.

Notice of Annual General Meeting

A separate notice of Annual General Meeting will be sent to shareholders.

Contents

CHAIRMAN'S REPORT

Dear Shareholders,

It is my pleasure to present the 2015 Annual Report for MaxSec Group Limited.

The Group delivered a strong result in FY2015 with a 65% increase in revenue on the prior year to $5.2M and net profit after income tax (NPAT) was also up 120% on the prior year.

The CEO's report further details the excellent progress by management and staff against the company's strategic objectives and goals, which yielded a fourth consecutive profitable year.

Some of the highlights include:-

- Distribution Agreements signed with an Australian and a US distributor,
- Becoming a preferred supplier to Wells Fargo for biometric products,
- Increased market awareness of BQT Solutions products in developing markets,
- New products released from BQT Solutions Smart Reader & Biometrics division.

On behalf of the Board I would like to sincerely thank management and staff for their dedication and effort during the year, and we look forward to another successful year in FY2016.

Robert A Broomfield
Chairman

GROUP CEO'S REPORT

Dear Shareholders,

It is my pleasure to report that the Group once again achieved a Net Profit for the year ended 30 June 2015.

The Net Profit for the year of $411K was a 120% increase on the last financial year (2014: $187K). Revenue was up 65% to $5,202K on the previous year (2014: $3,144K) and the profit outcome was largely as a result of our new product lines and the increased marketing and branding effort.

Net Cash available to the consolidated group was $682K (2014: $1,054K).

Shareholder's Funds have increased during the year by 15% to $4,006K from $3,480K. Since 1 July 2010 Shareholder's Funds have increased by 165% from $1,510K.

The financial net profit performance of MaxSec Group Limited consolidated group is the forth consecutive net profit under the current strategic direction of the Board and shows a marked improvement on the prior year's Net Profit and Revenue:-

Year ended		**Net Profit / (Loss)**	**Revenue**
30 June, 2015	($000's)	411	5,202
30 June, 2014	($000's)	187	3,144
Year on year Increase/(Decrease)	($000's)	224	2,058
	%	120%	65%

During the 2015 financial year we restructured both the Australian and North American sales resource to have a greater focus on distribution channels whilst still growing our Solutions focussed business. I am pleased to report that during the financial year we appointed both a North American and Australian distributor for our products with another two distributors appointed in the new financial year and others currently under negotiation.

Our marketing efforts in targeted media, trade shows, distributor co-promotion, social media and targeted email campaigns is increasing both BQT Solutions brand recognition in the market and our product awareness. We are starting to see the results of this broader industry consciousness through increased sales enquiries by distributors, system integrators and end users.

We continue to successfully execute our strategy and will be intensifying our efforts to expand our geographic reach and volume channels by increasing our product range to appeal to more markets and applications.

BQT Solutions divisions are developing new products and technologies to remain a leader in their markets. We have developed and released a number of new products to the market which are specifically targeted for sale through our growing distribution channel and we continue to grow our Solutions product range with specialised convertors, sensors and new OSDP output Smart Readers.

The Directors remain focused on delivering the Group's stated strategic objectives and continue to support management in implementing and executing these objectives to increase shareholder value.

Geoffrey J Cleaves
CEO and Director

OPERATION AND FINANCIAL REVIEW

Principal Activities

The principal activities during the year, of entities within the consolidated entity, were the investment, development and marketing of security access control products.

Operating Results

The Financial Report shows the following results for the consolidated MaxSec Group Limited ("MSP" or the "Group") entity.

(a) Revenue and Profit

The consolidated Group generated a net profit of $411K (2014: $187K) with revenues of $5,202K (2014: $3,144K).

Revenue for the financial year increased 65% ($2,058K) and the financial year end Net Profit result represents an increase of $224K (120%) on the previous year's Net Profit. The increase in both Revenue and Net Profit is reflective of the Group's broader product range as well as greater opportunities from increased brand and product awareness.

(b) Net Cash

Net Cash used by Operating Activities was $nil (2014: $346K), receipts from customers amounted to $3,639K (2014: $3,093K) and payments to suppliers and employees amounted to $3,889K (2014: $3,727K) The net cash used in Operating Activities is reflective of both sales and inventory activity during the year and increased sales prospecting and marketing activities.

Net cash used in investing activities amounted to $325K (2014: $259K) and relates primarily to our investment in continuous development of new products and technology platforms which will provide both revenue benefits and cost savings in future periods.

There was no cash raised in financing activities for the year (2014: $500K from the issue of 20,000,000 shares). Net cash available to the consolidated Group was $682K (2014: $1,054K).

Review of Operations

During the 2015 financial year the Group signed distribution agreements with TransTech Systems, Inc. a wholly owned subsidiary of Visualant Inc. TransTech Systems is full service distributor in the USA which services a nationwide dealer network and also Seadan Security which, including their subsidiary, Sprint Intercoms has 7 distribution operations in Australia.

We are negotiating agreements with several other distributors in Australia, the UK and USA. The new distributors have been gearing up and they are quoting our products into a number of projects. We have continued to invest significantly in new products during the year which we feel will generate additional revenue and cost saving opportunities for the Group in future periods.

We continue to significantly increase our marketing and business development efforts during the new financial year, growing both our BQT Solutions brand awareness and also order enquiry.

New Products

Our product development program continues to design and develop both new and innovative products for the physical and logical access control market. During the year we have introduced new biometrics and keypad products to the market in addition to adding new functionality to existing products. We currently have several new products under development including a door breach alarm, small access control system, and standalone biometrics distribution kits. We have also sourced several complementary third party products to extend our range and provide a broader product offering to our market.

OPERATION AND FINANCIAL REVIEW (CONT.)

Summary and Outlook

The financial net profit performance of MaxSec Group Limited consolidated group shows a marked improvement on the prior year's Net Profit and Revenue:-

Year ended		Net Profit / (Loss)	Revenue
30 June, 2015	($000's)	411	5,202
30 June, 2014	($000's)	187	3,144
Year on year Increase/(Decrease)	($000's)	224	2,058
	%	120%	65%

The Directors remain focused on continuing along the path of delivering the Group's stated strategic objectives as noted below and continue to support management in implementing and executing these objectives to increase shareholder value.

The investor presentation delivered at the Group's 2010 Annual General Meeting outlined the strategic objectives to be implemented by the MSP Board and Management, these are:-

- Develop and launch new products to increase market share and profitability;
- Targeted acquisitions to grow the product portfolio, revenue and profits;
- Implementation and continued development of a direct sales model for traditional core markets and a distribution model for developing and other markets; and
- Cost control and working capital maximization initiatives.

Private Placement Activities

There was no private placement during the financial year.

Significant Changes in State of Affairs

There have been no significant changes in the nature of the consolidated group's principal activities during the financial year.

Events after the Reporting Period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

CORPORATE GOVERNANCE STATEMENT

The objective of the Board of MaxSec Group Limited is to create and deliver long-term shareholder value through a range of diversified but manufacturing and wholesaling activities. While each area of the company's business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers.

MaxSec Group Limited and its subsidiaries operate as a single economic entity with a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic group.

MaxSec Group Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2015. The corporate governance statement is current as at 30 June 2015 and has been approved by the Board.

Composition of the Board

The Board comprises 3 Directors, 2 of whom (including the Chair) are non-executive and meet the Board's criteria to be considered independent. The names of the non-executive/independent Directors are:

R A Broomfield	Non-Executive Chairman
J J Landsberg	Non-Executive Director

An independent Director is a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonable be perceived to materially interfere with, the independent exercise of their judgment. For a Director to be considered independent, they must meet all of the following materiality thresholds:

- not hold, either directly or indirectly through a related person or entity, more than 10% of the company's outstanding shares;
- not benefit, either directly or through a related person or entity, from any sales to or purchases from the company or any of its related entities; and
- derive no income, either directly or indirectly through a related person or entity, from a contract with the company or any of its related entities.

A complete listing of the Board's Directors for the year ended 30 June 2015, along with their biographical details, is provided in the Directors' report.

The Board considers that the current Board composition reflects an appropriate balance between executive and non-executive Directors that promotes both the generation of shareholder value and effective governance.

The Board also considers that the current Board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The diverse range of business activities the company is involved in necessitates the Board having a correspondingly diverse range of skills, experience and expertise. As security access control constitutes a significant part of the company's overall operations, Directors are required to have detailed knowledge and understanding of this industry. Nevertheless, Directors need to have a strong understanding of a range of other areas, including finance, contract law and occupational health and safety requirements.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Notwithstanding the Board considers its current composition to be appropriate, it has in place an active program for assessing whether individual Directors and the Board as a whole have the skills and knowledge necessary to discharge their responsibilities in accordance with the Board's governance arrangements. Any deficiencies identified by this program can be addressed in a number of ways, including training and the employment of specialist staff. Details of the skills, expertise and experience of each Director are provided in the Directors' report.

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers. These values are enshrined in the Board's Code of Conduct policy.

The Code of Conduct policy requires all Directors, management and employees to at all times:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Corporate Governance policy.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Accordingly, the company has established a diversity policy.

Share Ownership and Share Trading Policy

The Board's policy regarding Directors and employees trading in MaxSec Group Limited shares is set under the Corporate Governance Policy. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the company's share price. A detailed description of the Board's policy regarding Directors and employees trading in MaxSec Group Limited shares is available from the Corporate Governance policy.

Directors and key management personnel (KMP) are prohibited from limiting risk attached to incentives paid in the form of options or rights by use of derivatives or other means. Further information on the Board's policy regarding the use of hedging arrangements by Directors over MaxSec Group Limited shares is provided in the remuneration report.

Audit Committee

The role of the audit committee is to assist the Board in monitoring the processes and controls associated with the financial reporting function that ensure the integrity of the company's financial statements. Specifically, the audit committee oversees:

- the appointment, independence, performance and remuneration of the external auditor;
- the integrity of the audit process;
- the effectiveness of the internal controls; and
- compliance with applicable regulatory requirements.

CORPORATE GOVERNANCE STATEMENT (CONT.)

The audit committee comprises 2 Directors (including the Chair of the Board), all of whom are non-executive/independent Directors. Consistent with the ASX's Corporate Governance Principles and Recommendations (3rd edition), the Chair of the audit committee is independent and does not hold the position of Chair of the Board.

The names and qualifications of the audit committee members and their attendance at meetings of the committee are included in the Directors' report.

Board's Role and Responsibilities

The Board is accountable to the shareholders for creating and delivering shareholder value through governance of the company's business activities. The discharge of these responsibilities is facilitated by the Board delivering to shareholders timely and balanced disclosures about the company's performance.

As a part of its corporate governance arrangements, the Board has established a strategy for engaging and communicating with shareholders that includes:

- regular meetings with institutional shareholders;
- quarterly reporting to all shareholders; and
- actively encouraging shareholders to attend and participate in the company's Annual General Meeting.

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

The Board has delegated to the Chief Executive Officer (CEO), Geoffrey J Cleaves, all authorities appropriate and necessary to achieve the Board's objective to create and deliver long-term shareholder value. Notwithstanding these delegations of authority by the Board, the CEO remains accountable to the Board for the authority delegated to him and for the performance of the company's business activities at all times. As noted above, the Board regularly monitors the decisions and actions of the CEO as well as the performance of the company's business activities.

A key plank of the Board Corporate Governance policy is the requirement for all Directors to demonstrate honesty, integrity, and preparedness to critically evaluate all aspects of the company's operations. Inherent in all of this is the expectation that Directors:

- commit the necessary time and energy to fulfill their responsibilities as Directors; and
- place the interests of the company before their personal interests.

The Chair is responsible for ensuring individual Directors, the Board as a whole and KMP comply with both the letter and spirit of the Board's governance arrangements. The Chair discharges their responsibilities in a number of ways, primarily through:

- setting agendas in collaboration with other Directors and KMP;
- encouraging critical evaluation and debate among Directors;
- managing Board meetings to ensure that all critical matters are given sufficient attention; and
- communicating with stakeholders as and when required.

Independent Directors have the right to seek independent professional advice on any matter connected with the discharge of their responsibilities as Directors at the company's expense. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the company.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Shareholder Rights and Investors Relations

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the constitution and receipt of annual and interim financial statements. The Board actively encourages shareholders to attend and participate in the Annual General Meetings of MaxSec Group Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report distributed to all shareholders; and
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

ASX Corporate Governance Principles

The Directors of MaxSec Group Ltd support the principles of the ASX Corporate Governance Guidelines. To date, due to the size of the company the Board has not formally adopted all policies or guidelines required for compliance with the ASX's guidelines.

Principle 1 – Lay Sound Foundations for Management and Oversight

The Board has adopted a corporate governance policy which sets out clear guidelines to ensure proper management and control over the affairs of the company

Principle 2 – Structure the Board to Add Value

The Board currently includes two independent Directors, one of whom is the Chairman. Information on the experience and competencies are included in the Annual Report. The company will seek to establish a remuneration committee, which due to the company's size has not as yet been done.

Principle 3 – Promote Ethical and Responsible Decision-Making

The corporate governance policy ensures Ethical and Responsible Decision making through formal processes and delegated authorities.

Principle 4 – Safeguard Integrity in Financial Reporting

An audit committee was established on 4 June 2003 being made up of the non-executive members of the Board. The structure consists of only non-executive Directors who are independent and the chairman is not chairman of the Board.

Principle 5 – Make Timely and Balanced Disclosure

The Directors have always adhered to the principles of continuous disclosure. Written policies and procedures designed to ensure compliance have been introduced during the year and will be continually reviewed.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Principle 6 – Respect the Rights of Shareholders

The company believes that it adequately communicates relevant information to all shareholders on a timely basis. The company encourages shareholder participation at shareholder meetings. The external auditor is requested to attend the annual general meeting to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and Manage Risk

The Directors are aware of the need to identify and manage risk, no formal policies or procedures have been established to date, given the size of the company. The chief executive officer and the chief financial officer (or equivalent) should state to the Board in writing that the statement given in accordance with best practice concerning the integrity of the financial statements and is founded on a sound system of risk management and internal compliance and controls which implement the policies adopted by the Board; the statement also should confirm that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8 – Encourage Enhanced Performance

Formal performance evaluation criteria and processes will be established in the future. Given the current size and direction of the company this was not formally introduced during the year.

Principle 9 – Remunerate Fairly and Responsibly

Remuneration of the Company's Directors has been disclosed in the Annual Report. Due to its size no formal structure for the remuneration of Directors has been established as yet but the company plans to do so when appropriate.

Principle 10 – Recognise the Legitimate Interests of Stakeholders

The Directors recognize the importance of compliance with legal and other obligations. The Directors believe they, together with their advisors, have the necessary experience to ensure these interests are protected.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of MaxSec Group Limited and its controlled entities for the financial year ended 30 June 2015. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2015 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of MaxSec Group Limited during or since the end of the financial year up to the date of this report:

Robert Andrew Broomfield	–	Chairman
Geoffrey John Cleaves	–	Chief Executive Officer
Jacobus J (Johan) Landsberg	–	Non-Executive Director

Particulars of each director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends have been paid or declared since the end of the previous financial year.

Indemnifying Officers or Auditors

During the financial year the Company has paid insurance premiums to insure certain officers of the Company. Officers of the Company include the Company's Directors and secretaries. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or related body corporate, other than conduct involving a willful breach of duty in relation to the Company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Wong & Mayes for non-audit services during the year ended 30 June 2015:

	$
Taxation services	14,667
Total	14,667

DIRECTORS' REPORT (CONT.)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 19 of the financial report.

Options

At the date of this report, the unissued ordinary shares of MaxSec Group Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
06/07/2009	31/12/2015	$0.020	1,000,000
03/11/2011	31/12/2017	$0.030	6,700,000
19/05/2015	19/05/2020	$0.025	6,500,000
			14,200,000

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2015, no ordinary shares of MaxSec Group Limited were issued relating to the exercise of options granted. At 3 September 2015, share options have been exercised resulting in the issue of 14,000,000 fully paid shares in the Company. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Information Relating to Directors and Company Secretary

Mr. Robert Andrew Broomfield, Chairman

Mr. Robert Broomfield is a business executive with more than 20 years of management experience, including the past 18 years in senior positions within companies operating in the security industry.

Mr. Broomfield is currently the CEO and Executive Director of security technology company Future Fibre Technologies Ltd (FFT), which has achieved significant success and is now rated as the world's leading manufacturer of Fibre Optic based Intrusion Detection Systems.

Prior to joining FFT he was with Vision Systems Ltd, where he served as the General Manager of Asia Pacific for their Fire and Security systems.

In addition to his international sales and marketing success, Mr. Broomfield has extensive experience in operations management, including product engineering, procurement, manufacturing and operations. He has previously had 10 years' experience with IBM in Australia and the United States.

Mr. Broomfield joined the MSP Board on 5 October 2010 and holds no positions on Boards of other Australian listed companies other than FFT.

DIRECTORS' REPORT (CONT.)

Mr. Geoffrey John Cleaves, Chief Executive Officer
Mr. Geoffrey Cleaves has over 25 years' experience in finance and operations management within the property, media, print, manufacturing, oil and gas and investment sectors, last 20 years in senior management positions with both listed and unlisted corporations.

During Geoff's career he has held senior management positions with organisations such as Stockland Group, Chase Corporation, Milton Corporation, Trafalgar Corporate Group, Australian Petroleum Fund and the Independent Print Media Group.

Geoff is a professional manager and his core competencies include general management, investment, asset and funds management, treasury and finance.

Mr. Cleaves' highest educational qualification is a Master degree in Professional Accounting, he also holds the following professional designations: FIPA and SA Fin.

Mr. Cleaves joined the MSP Board on 5 October 2010 and holds no positions on Boards of other Australian listed companies.

Mr. Jacobus J (Johan) Landsberg, Non-Executive Director
Mr. Landsberg was born in 1969 in South Africa. He served as an Officer in the South African Defence Force before starting his professional career in the services industry.

He holds qualifications in Business Management and Marketing as well as various safety and security related certifications.

Mr. Landsberg was previously a senior executive of MaxSec Group Limited and holds both a good understanding of the Company's history and a wealth of experience gained in the industry.

Mr. Landsberg migrated to Australia in 1999. He joined the security industry as a senior executive in various capacities in the successful implementation of large technology deployments in Australia. He has broad experience in related areas including distribution, contract, and risk management. Mr. Landsberg was also engaged until late 2014 by the public sector to provide commercial and technical guidance on the deployment of technologies in large scale implementations which included the implementation of new transport ticketing system on rail in NSW.

Mr. Landsberg is currently the Group General Manager of a privately owned Group of Companies and is responsible for the strategic and commercial direction of this Group globally.

Mr. Landsberg joined the MSP Board on 6 May 2010 and holds no positions on Boards of other Australian listed companies.

Company Secretaries
The following persons held the position of company secretary at the end of the financial year:

Mr. Jared Pearson CA, BCom is a Chartered Accountant, who was appointed on 29 July 2015. He has been involved in public practice for 12 years and has considerable experience in accounting, taxation law and business practices.

Mr. Steven Danielson FCA, BBS is a Company Secretary, who resigned on 29 July 2015.

Mr. Geoffrey John Cleaves MPA, FIPA, SAFIN is a Company Secretary, who was appointed on 30 July 2010. He has broad experience in corporate finance & accounting and commercial and funds management.

DIRECTORS' REPORT (CONT.)

Meetings of Directors

During the financial year, 16 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Director's Meetings /(Eligible to Attend)	Audit Committee Meetings /(Eligible to Attend)
Number of meetings held / (Number of meetings attended):		
R A Broomfield	13 / (13)	3/(3)
G J Cleaves	12 / (12)	0/(0)
J J Landsberg	13 / (13)	3/(3)

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the Directors in the shares and options of MaxSec Group Limited were:

	Ordinary Shares	Options over Ordinary Shares
R A Broomfield	2,500,000	1,000,000
G J Cleaves	Nil	5,000,000
J J Landsberg	Nil	500,000

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of MaxSec Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The Board of MaxSec Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members of the economic entity is as follows:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE).

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy was effective in increasing shareholder wealth.

REMUNERATION REPORT (CONT.)

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios, and continued employment with the Group. This condition provides management with a performance target which focuses upon organic sales growth utilising existing group resources.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

Employment Details of Members of Key Management Personnel

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors. The method applied in achieving this aim, being the issue of options to the majority of Directors to encourage the alignment of personal and shareholder interests.

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:

2015	Salary/fees	Other benefits	Options issued	Superannuation	Total
Directors-Non executive	**$**	**$**	**$**	**$**	**$**
R A Broomfield	27,397	-	1,160	2,603	31,160
J J Landsberg	27,397	-	580	2,603	30,580
Directors-Executive					
G J Cleaves	182,648	-	5,799	17,352	205,799

2014	Salary/fees	Other benefits	Options issued	Superannuation	Total
Directors-Non executive	**$**	**$**	**$**	**$**	**$**
R A Broomfield	27,460	-	-	2,540	30,000
J J Landsberg	27,460	-	-	2,540	30,000
Directors-Executive					
G J Cleaves	201,530	-	-	18,642	220,172

Description of Options/Rights Issued as Remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price $	Value per Option at Grant Date $	Amount Paid/ Payable by Recipient $
19/05/2015	MaxSec Group Limited	Ordinary Share	19/05/2020	0.025	0.0190	-

Option values at grant date were determined using the Black-Scholes method.

REMUNERATION REPORT (CONT.)

Securities Received that Are Not Performance-related
No members of KMP are entitled to receive securities that are performance-based as part of their remuneration package.

KMP Shareholdings
The number of ordinary shares in MaxSec Group Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
R A Broomfield	2,500,000	-	-	-	2,500,000
	2,500,000	-	-	-	2,500,000

Other Equity-related KMP Transactions
There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

KMP Loans Exceeding $100,000
There have been no loans made to KMP.

Other Transactions with KMP and/or their Related Parties
There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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

Geoffrey J Cleaves
CEO and Director
Sydney, 24th September 2015

WONG & MAYES
CHARTERED ACCOUNTANTS
A.B.N. 33 154 816 995
(incorporating Powell Kwok & Co)

LEVEL 16 309 KENT STREE
SYDNEY N.S.W. 200

P.O. BOX H16
AUSTRALIA SQUARE, SYDNEY 121

TELEPHONE (02) 8245 060
FACSIMILE (02) 9262 140
mailbox@wongmayes.com.a
www.wongmayes.com.a

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C 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 year ended 30 June 2015, there have been:-

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

WONG & MAYES
Chartered Accountants

Anita Wong | Partner

Sydney

Dated this 23rd September 2015

Document ref: 86109_1

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		$	$
Continuing operations			
Revenue	3a	**5,202,243**	3,143,898
Other income	3a	**213,283**	273,885
Raw materials and consumables used	4	**(2,591,918)**	(1,113,490)
Employee benefits expense		**(1,185,034)**	(1,300,336)
Depreciation and amortisation expense		**(153,036)**	(58,617)
Finance costs		**(5,437)**	(5,032)
Other expenses		**(1,068,631)**	(753,115)
Profit before income tax		**411,470**	187,193
Income tax expense		**-**	-
Profit from continuing operations		**411,470**	187,193
Discontinued operations			
Profit/(Loss) for the year from discontinued operations after tax		**-**	-
Net Profit for the year		**411,470**	187,193
Other comprehensive income:		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**411,470**	187,193
Profit attributable to:			
Members of the parent entity		**411,470**	187,193
Non-controlling interest		**-**	-
		411,470	187,193
Total comprehensive income attributable to:			
Members of the parent entity		**411,470**	187,193
Non-controlling interest		**-**	-
		411,470	187,193
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	19	**0.216 cents**	0.109 cents
Diluted earnings per share (cents)	19	**0.195 cents**	0.109 cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**681,621**	1,054,147
Trade and other receivables	7	**2,176,711**	653,382
Inventories	8	**878,513**	662,991
Other assets	9	**94,333**	79,725
TOTAL CURRENT ASSETS		**3,831,178**	2,450,245
NON-CURRENT ASSETS			
Property, plant and equipment	11	**63,801**	42,202
Intangible assets	12	**1,892,978**	1,576,520
TOTAL NON-CURRENT ASSETS		**1,956,779**	1,618,722
TOTAL ASSETS		**5,787,957**	4,068,967
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**1,566,831**	341,941
Provisions	14	**171,566**	207,924
TOTAL CURRENT LIABILITIES		**1,738,397**	549,865
NON-CURRENT LIABILITIES			
Provisions	14	**43,656**	38,765
TOTAL NON-CURRENT LIABILITIES		**43,656**	38,765
TOTAL LIABILITIES		**1,782,053**	588,630
NET ASSETS		**4,005,904**	3,480,337
EQUITY			
Issued capital	15	**60,761,198**	60,761,198
Reserves	16	**24,414,434**	24,300,336
Retained earnings/(accumulated losses)		**(81,169,728)**	(81,581,197)
Parent interest		**4,005,904**	3,480,337
Non-controlling interest		**-**	-
TOTAL EQUITY		**4,005,904**	3,480,337

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share Capital	Share Based Expenses Reserve	Capital Profit Reserves	Foreign Currency Translation Reserves	Retained Earnings	Total Equity
		$	$	$	$	$	$
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 year		-	-	-	-	187,193	187,193
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	187,193	187,193
Transactions with owners, in their capacity as owners, and other transfers							
Foreign Currency Translation Reserve		-	-	-	-	-	-
Dividends recognised for the year		-	-	-	-	-	-
Share issued during the year		500,000	-	-	-	-	500,000
Total transactions with owners and other transfers		500,000	-	-	-	-	500,000
Other							
Foreign Currency Translation Reserve		-	-	-	(37,057)	-	(37,057)
Total other		-	-	-	(37,057)	-	(37,057)
Balance at 30 June 2014		60,761,198	23,276,902	1,031,042	(7,608)	(81,581,197)	3,480,337
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 year		**-**	**-**	**-**	**-**	**411,470**	**411,470**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**411,470**	**411,470**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share Capital	Share Based Expenses Reserve	Capital Profit Reserves	Foreign Currency Translation Reserves	Retained Earnings	Total Equity
		$	$	$	$	$	$
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year		-	-	-	-	-	-
Dividends recognised for the year		-	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-	-
Other							
Foreign Currency Translation Reserve		-	-	-	114,098	-	114,098
Total other		-	-	-	114,098	-	114,098
Balance at 30 June 2015		60,761,198	23,276,902	1,031,042	106,490	(81,169,728)	4,005,904

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**3,638,951**	3,092,905
Other Receipts	3a	**213,283**	273,885
Payments to suppliers and employee		**(3,888,534)**	(3,727,011)
Interest received	3a	**41,737**	19,578
Finance costs		**(5,437)**	(5,032)
Income tax paid		**-**	-
Net cash provided by (used in) operating activities	22	**-**	(345,675)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for product development expenses		**(288,971)**	(244,253)
Purchase of property, plant and equipment		**(32,690)**	(15,130)
Patent Registration		**(3,561)**	-
Loan to related parties – payment made		**-**	-
Net cash used in investing activities		**(325,222)**	(259,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	500,000
Repayment of borrowings		**-**	-
Net cash provided by (used in) financing activities		**-**	500,000
Net increase in cash held		**(325,222)**	(105,058)
Cash and cash equivalents at beginning of financial year		**1,054,147**	1,183,237
Exchange Adjustment		**(47,304)**	(24,032)
Cash and cash equivalents at end of financial year		**681,621**	1,054,147

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These consolidated financial statements and notes represent those of MaxSec Group Limited and Controlled Entities (the "consolidated group" or "Group").

The separate financial statements of the parent entity, MaxSec Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 23rd September 2015 by the Directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (MaxSec Group Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, 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. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i the consideration transferred;

ii any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognized in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value *(full goodwill method)* or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets *(proportionate interest method).* In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or Groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of assembled products includes direct materials costs plus any costs associated with the outsourcing of the assembly process.

d. **Plant and Equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	10-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

f. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

g. **Intangibles other than Goodwill**

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when technical feasibility studies identify that the product is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

h. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group’s presentation currency, are translated as follows:

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
– income and expenses are translated at average exchange rates for the period; and
– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

i. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

j. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 2 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

l. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

m. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

n. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

p. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

q. **Government Grant**

Government Grants are recognized at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

r. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

s. **New Accounting Standards for Application in Future Periods**

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2015 $	2014 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	**916,922**	841,847
Non-Current assets	**24,224,650**	24,340,851
TOTAL ASSETS	**25,141,572**	25,182,698
LIABILITIES		
Current liabilities	**18,650**	122,970
Non-Current liabilities	**-**	-
TOTAL LIABILITIES	**18,650**	122,970
NET ASSETS	**25,160,222**	25,059,728
EQUITY		
Issued capital	**60,761,198**	60,761,198
Retained earnings/(Accumulated Losses)	**(59,908,920)**	(60,009,414)
Capital profits reserve	**1,031,041**	1,031,041
Share Based Expenses Reserves	**23,276,903**	23,276,903
TOTAL EQUITY	**25,160,222**	25,059,728
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	**100,494**	4,619
Total comprehensive income	**100,494**	4,619

Guarantees

In the current or previous financial year, MaxSec Group Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

Contractual commitments

At 30 June 2015, MaxSec Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. REVENUE AND OTHER INCOME

		Note	Consolidated Group 2015 $	2014 $
a.	**Revenue from continuing operations**			
	Sales revenue:			
	– sale of goods		**5,160,506**	3,124,320
	– provision of services		**-**	-
			5,160,506	3,124,320
	Other revenue:			
	– interest received			
	- unrelated parties		**41,737**	19,578
			41,737	19,578
	Total interest revenue on financial assets not at fair value through profit or loss			
	– R & D Tax Concession received		**213,249**	272,675
	– other revenue		**34**	1,210
			213,283	273,885
	Total revenue		**5,415,526**	3,417,783
	Other income:			
	– gain on disposal of property, plant and equipment		**-**	-
			-	-
b.	**Total revenue and other income from continuing operations**			
	– attributable to members of the parent entity		**5,415,526**	3,417,783
	– attributable to non-controlling interests		**-**	-
			5,415,526	3,417,783
c.	**Income from continuing operations and discontinued operations**			
	– attributable to members of the parent entity		**5,415,526**	3,417,783
	– attributable to non-controlling interests		**-**	-
			5,415,526	3,417,783

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. PROFIT FOR THE YEAR

	Note	Consolidated Group	
		2015	2014
		$	$
Profit before income tax from continuing operations includes the following specific expenses:			
Expenses			
Cost of sales		**2,591,918**	1,113,490
Impairment of non-current investments		**-**	-
Foreign currency translation losses		**-**	-
Bad and doubtful debts:			
– trade receivables		**-**	1,774
Total bad and doubtful debts		**-**	1,774
Write-off of obsolete stock		**-**	-

5. DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year.

6. CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2015	2014
		$	$
Cash at bank and on hand		**681,621**	1,054,147
Short-term bank deposits		**-**	-
		681,621	1,054,147

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		**681,621**	1,054,147
Bank overdrafts		**-**	-
		681,621	1,054,147

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

7. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2015	2014
	$	$
Trade debtors	**2,178,485**	655,156
Provision for impairment	**(1,774)**	(1,774)
	2,176,711	653,382

Provision for Impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

Opening Balance	**(1,774)**	(14,372)
Change for the year	**-**	12,598
Amounts Written Off	**-**	-
Closing Balance	**(1,774)**	(1,774)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

8. INVENTORIES

At cost:		
Direct materials	**401,625**	344,427
Finished Goods	**476,888**	318,564
Total inventories at cost	**878,513**	662,991

9. OTHER ASSETS

Other Assets (Current)		
Security Deposit	**16,925**	22,259
Prepayments	**60,566**	49,541
Other Current Assets	**16,842**	7,925
Receivable from related parties	**-**	-
	94,333	79,725

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10. INTERESTS IN SUBSIDAIRIES

Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

	Principal Place of Business	Ownership Interest (%)*	
		2015	2014
Subsidiaries of MaxSec Group Limited:			
BQT Solutions (Australia) Pty Ltd	Australia	100	100
BQT Solutions (UK) Limited #	UK	100	100
BQT Solutions America Inc. #	USA	100	100
BQT Solutions (SEA) Pte. Ltd # (previously known as Magna Electronics Pte. Ltd)	Singapore	100	100
BQT Solutions (NZ) Limited # (previously known as Manz Engineering Limited)	New Zealand	100	100
BQT Intelligent Security Systems Pty Ltd	Australia	60	60
4C Satellites Limited	Australia	60	60

* *Percentage of voting power is in proportion to ownership*
\# *Not audited by the parent entity's auditor*

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2015	2014
	$	$
Plant & equipment		
At cost	**617,354**	574,692
Accumulated depreciation	**(553,553)**	(532,490)
	63,801	42,202
Furniture, fixtures and fittings		
At cost	**71,486**	71,486
Accumulated depreciation	**(71,486)**	(71,486)
	-	-
Total plant and equipment, furniture & fixture	**63,801**	42,202
Total at cost	**688,840**	646,177
Accumulated depreciation and amortisation	**(625,039)**	(603,975)
Total Plant & equipment, furniture and fittings	**63,801**	42,202

Movement in carrying amounts

Movement in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year:

	2015	2014
Plant and Equipment		
Balance at beginning of year	**42,202**	30,756
Additions/(Disposals)	**23,022**	15,130
Depreciation expense	**(1,423)**	(3,684)
Balance at end of year	**63,801**	42,202
Furniture, Fixtures and Fittings		
Balance at beginning of year	**-**	2,769
Additions/(Disposals)	**-**	-
Depreciation expense	**-**	(2,769)
Balance at end of year	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12. INTANGIBLES ASSETS

	Consolidated Group	
	2015	2014
	$	$
Goodwill - deemed cost	**22,435,876**	17,121,944
Less: Accumulated impairment	**(21,730,370)**	(16,583,536)
	705,506	538,408
Research and development	**2,929,666**	2,929,666
Less: Accumulated amortisation	**(2,929,666)**	(2,929,666)
	-	-
Patents	**253,983**	193,536
Less: Accumulated amortisation	**(250,421)**	(193,536)
	3,562	-
Product development costs	**1,407,674**	1,103,509
Less: Accumulated amortisation	**(223,764)**	(65,397)
	1,183,910	1,038,112
Total intangibles	**1,892,978**	1,576,520
Reconciliations		
Goodwill		
Balance at beginning of year	**538,408**	551,435
Exchange Adjustment	**167,098**	(13,027)
Additions	**-**	-
Impairment	**-**	-
Closing value at end of year	**705,506**	538,408
Patents		
Balance at beginning of year	**-**	1,273
Additions	**3,562**	-
Amortisation	**-**	(1,273)
Impairment	**-**	-
Closing value at end of year	**3,562**	-
Product Development Costs		
Balance at beginning of year	**1,038,112**	844,750
Additions	**297,411**	244,254
Amortisation	**(151,613)**	(50,892)
Impairment	**-**	-
Closing value at end of year	**1,183,910**	1,038,112

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an infinite life.

Impairment disclosures

Goodwill is allocated to cash-generating unit which is based on the Group's reporting segments:

	2015	2014
	$	$
Security locks segment	**705,506**	538,408
Total	**705,506**	538,408

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12. INTANGIBLES ASSETS (Cont.)

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the interest rate of 15%.

The following assumptions were used in the value-in-use calculations:

	Discount Rate
Security locks segment	15%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets are based on the expectation of a program of comercialisation of products to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

13. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2015	2014
	$	$
Trade and Other Payables (Current)		
Trade creditors	**1,331,521**	199,985
Sundry creditors and accrued expenses	**235,310**	141,956
	1,566,831	341,941

14. PROVISIONS

	Consolidated Group	
	2015	2014
	$	$
Provisions (Current)		
Employee Benefits	**101,990**	105,223
Others	**69,576**	102,701
	171,566	207,924
Provisions (Non-Current)		
Employee Benefits	**43,656**	38,765
	43,656	38,765

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

15. ISSUED CAPTIAL

	2015		2014	
	Number of shares	**$**	Number of shares	$
(a) Issued and paid up capital				
189,673,643 ordinary shares fully paid	**189,673,643**	**60,761,198**	189,673,643	60,761,198
(b) Movements in shares on issue				
Beginning of the financial year	**189,673,643**	**60,761,198**	169,673,643	60,261,198
Shares issued during the year:				
Placement	**-**	**-**	20,000,000	500,000
End of the financial year	**189,673,643**	**60,761,198**	189,673,643	60,761,198

(c) Share Options

A summary of the movements of all company options issues is as follows:

	Number	**Weighted Average Exercise Price**
Options outstanding as at 30 June 2013	50,914,286	6.4 cents
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	26,714,286	10.0 cents
Options outstanding as at 30 June 2014	24,200,000	2.5 cents
Granted	6,500,000	2.5 cents
Forfeited	-	-
Exercised	-	-
Expired	2,500,000	4.0 cents
Options outstanding as at 30 June 2015	28,200,000	2.4 cents

For information relating to the Company's employee options, including details of options issued, exercised & lapsed during the financial year & the options outstanding at year end refer to Note 17.

16. RESERVES

	Consolidated Group	
	2015	2014
	$	$
Capital Profits Reserve *	**1,031,042**	1,031,042
Share Based Expenses Reserve **	**23,276,902**	23,276,902
Foreign Currency Translation Reserve	**106,490**	(7,608)
	24,414,434	24,300,336

* Relates to profit on sale of listed investments

** Relates to share based expenses

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

17. INTERESTS OF KEY MANAGEMENT PERSONNEL

a. Names and positions held of Parent Entity Directors and Specified Executives in office at any time during the financial year are:

Directors

R A Broomfield -	Chairman – Non-Executive
G J Cleaves -	CEO
J J Landsberg -	Non-Executive Director

b. Directors' Remuneration

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015	2014
	$	$
Short-term employee benefits	**237,443**	256,450
Post-employment benefits	**22,557**	23,722
Other long-term benefits	**-**	-
Share-based payments	**7,539**	-
Total KMP Compensation	**267,539**	280,172

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's superannuation contributions.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

c. Shares Issued on Exercise of Remuneration Options

No options were exercised during the year, which were previously granted as remuneration.

d. Options and Rights Holdings

Details of these options are provided in the directors' report. The options hold no voting or dividend rights. The options lapse when a director ceases their employment with the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

17. INTERESTS OF KEY MANAGEMENT PERSONNEL (Cont.)

e. Shareholdings

Number of Shares Held by Parent Entity Directors as follows:-

	Balance 01.07.2014	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.2015
Parent Entity Directors					
R A Broomfield *	2,500,000	-	-	-	2,500,000

* Ms Lynette Joy Sanders, who is associated with R A Broomfield, held 1,250,000 shares as at 15 Sept 2015.

18. AUDITORS' REMUNERATION

	Consolidated Group	
	2015 $	2014 $
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	**66,703**	73,781
– taxation & accounting services	**51,085**	12,315
– due diligence services	**-**	-
– taxation services provided by related practice of auditor	**-**	-
	117,788	86,096

19. EARNINGS PER SHARE

	2015 $	2014 $
Profit/(loss) used in calculation of earnings per share	**411,470**	187,193
Basic Profit/(loss) per share	**0.216 cents**	0.109 cents
No of ordinary shares on issue used in the calculation of basic profit/(loss) per share	**189,673,643**	172,358,375
Diluted Profit/(loss) per share	**0.195 cents**	0.109 cents
No of ordinary shares on issue used in the calculation of diluted profit/(loss) per share	**211,173,643**	172,358,375

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

20. RELATED PARTY TRANSACTIONS

a. **The Group's main related parties are as follows:**

i. *Key management personnel (KMP):*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 17: Interests of Key Management Personnel (KMP).

ii. *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

i. BQT Solutions America Inc, a controlled entity, shares a sales resource on a 50/50 basis with Future Fibre Technologies (USA) Inc, a company of which our Chairman is CEO and Director.

ii. Controlled entities of the Company have entered into reciprocal reseller arrangements with Future Fibre Technologies Limited, a company which our Chairman is CEO and Director.

21. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The Group operates in the smart card access control and security locks industries. For smart card access control system, it operates in three main geographic areas being Australia, United Kingdom and Middle East, United States of America. For security locks, it operates under the company of BQT Solutions (SEA) Pte. Ltd and its wholly owned subsidiary – BQT Solutions (NZ) Limited in Southeast Asia and New Zealand.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

b. Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. Segment information

i. *Segment performance*

	Australia	UK	US	SEA	Total
	$	$		$	$
30-Jun-15					
REVENUE					
External sales	**2,156,736**	**788,966**	**38,185**	**2,176,619**	**5,160,506**
Intersegment sales	**852,227**	**-**	**-**	**545,950**	**1,398,178**
Interest Income	**41,737**	**-**	**-**	**-**	**41,737**
Total segment revenue	**3,050,700**	**788,966**	**38,185**	**2,722,569**	**6,600,420**

	Australia	UK	US	SEA	Total
	$	$	$	$	$
Reconciliation of segment revenue to group revenue					
Other revenue	**213,283**	**-**	**-**	**-**	**213,283**
Intersegment elimination	**(852,227)**	**-**	**-**	**(545,950)**	**(1,398,178)**
Revenue from discontinued operations	**-**	**-**	**-**	**-**	**-**
Total group revenue	**2,411,756**	**788,966**	**38,185**	**2,176,619**	**5,415,526**
Segment net profit from continuing operations before tax	**798,785**	**(63,376)**	**(74,675)**	**(249,264)**	**411,470**
Net profit before tax from continuing operations					**411,470**
30-Jun-14					
REVENUE					
External sales	1,833,110	455,141	47,766	788,303	3,124,320
Intersegment sales	687,951	-	-	45,510	733,461
Interest revenue	19,579	-	-	-	19,579
Total segment revenue	2,540,640	455,141	47,766	833,813	3,877,360
Reconciliation of segment revenue to group revenue					
Other revenue	273,885	-	-	-	273,885
Intersegment elimination	(687,951)	-	-	(45,510)	(733,461)
Revenue from discontinued operations	-	-	-	-	-
Total group revenue	2,126,573	455,141	47,766	788,303	3,417,783
Segment net profit from continuing operations before tax	587,340	(111,899)	(71,329)	(216,919)	187,193
Net profit before tax from continuing operations					187,193

ii. *Segment assets*

	Australia $	UK $	US $	SEA $	Total $
30-Jun-15					
Segment assets	**2,030,463**	**304,626**	**44,384**	**3,211,634**	**5,591,107**
Segment asset increases for the period:					
– capital expenditure	**107,460**	**-**	**-**	**89,390**	**196,830**
– acquisitions	**-**	**-**	**-**	**-**	**-**
Total group assets	**2,137,923**	**304,626**	**44,384**	**3,301,024**	**5,787,957**
30-Jun-14					
Segment assets	1,996,948	168,254	33,477	1,616,979	3,815,658
Segment asset increases for the period:					
– capital expenditure	196,807	-	-	50,796	247,603
– acquisitions	5,705	-	-	-	5,705
Total group assets	2,199,460	168,254	33,477	1,667,775	4,068,966

iii. *Segment liabilities*

	Australia $	UK $	US $	SEA $	Total $
30-Jun-15					
Segment liabilities	**21,078,957**	**10,193,147**	**2,361,885**	**3,234,114**	**36,868,103**
Reconciliation of segment liabilities to group liabilities:					
Intersegment eliminations	**(16,849,948)**	**(11,196,202)**	**(4,982,902)**	**(2,056,998)**	**(35,086,050)**
Total group liabilities	**4,229,009**	**(1,003,055)**	**(2,621,017)**	**1,177,116**	**1,782,053**
30-Jun-14					
Segment liabilities	21,387,101	8,871,366	1,869,990	1,272,686	33,401,144
Reconciliation of segment liabilities to group liabilities:					
Intersegment eliminations	(17,343,011)	(9,813,194)	(4,433,678)	(1,222,632)	(32,812,515)
Total group liabilities	4,044,091	(941,828)	(2,563,688)	50,054	588,629

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

22. CASH FLOW INFORMATION

	Consolidated Group	
	2015	2014
	$	$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	**411,470**	187,193
Cash flows excluded from profit attributable to operating activities:		
– finance costs on debentures	**-**	-
Non-cash flows in profit:		
– amortisation	**141,945**	52,165
– depreciation	**11,091**	6,453
– write-off of bad debts	**-**	-
– write-off of obsolete stock	**-**	-
– write-down of inventory to fair value	**-**	-
– net gain on disposal of property, plant and equipment	**-**	-
– Unrealised gain/(loss) on exchange	**(3,369)**	(12,620)
Share of associated companies net profit after income tax and dividends	**-**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and term receivables	**(1,523,329)**	(44,013)
– (increase)/decrease in prepayments	**(11,025)**	11,680
– (increase)/decrease in inventories	**(215,522)**	(10,324)
– (increase)/decrease in other assets	**(3,583)**	70,019
– increase/(decrease) in trade payables and accruals	**1,223,789**	(293,852)
– increase/(decrease) in income tax payable	**-**	-
– increase/(decrease) in provisions	**(31,467)**	(312,376)
Cash flow from operations	**-**	(345,675)

23. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any significant events that have occurred since the end of financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

24. SHARE-BASED PAYMENTS

On 19 May 2015, 6,500,000 share options were granted to key management personnel (KMP) under the MaxSec Group Limited employee option plan to take up ordinary shares at an exercise price of 2.5 cents each. The options are exercisable on or before 19 May 2020. The options hold no voting or dividend rights and are not transferable.

The details of options granted to key management personnel are as follows:

Grant Date	Number	Vesting Date
19 May 2015	3,250,000	21-11-2016
19 May 2015	3,250,000	21-11-2017

The weighted average remaining contractual life of options outstanding at year-end was 4.90 years.

The fair value of options granted during the year was $123,500 (2014: nil). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	2.5 cents	
Weighted average life of the option:	4.90 years	
Expected share price volatility:	30%	
Risk-free interest rate:	2.8%	*Australian Government Bond 10Y

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the expiry date of the options.

In accordance with Accounting Standard AASB2, the Company has presumed that the services to be rendered by the KMP as consideration for those options will be delivered over the vesting period. Accordingly the Group is accounting for these services as they are rendered and are being expensed over the years.

2015	7,539
2016	65,510
2017	40,743
2018	9,708
Total	123,500

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

25. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries.
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2015	2014
		$	$
Financial assets			
Cash and cash equivalents		**681,621**	1,054,147
Loans and receivables	7	**2,176,711**	653,382
Total financial assets		**2,858,332**	1,707,529
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	13	**1,566,831**	341,941
– borrowings		**-**	-
Total financial liabilities		**1,566,831**	341,941

Financial Risk Management Policies

The Board of Directors reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the invoice date.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia given the substantial operation in the region.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved internal control policy.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

– preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
– using derivatives that are only traded in highly liquid markets;
– monitoring undrawn credit facilities;
– obtaining funding from a variety of sources;
– maintaining a reputable credit profile;
– managing credit risk related to financial assets;
– only investing surplus cash with major financial institutions; and
– comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

c. Market risk

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, forward exchange contracts, fixed interest securities, and cash and cash equivalents.

(ii) *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar and UK pound sterling may impact on the Group's financial results unless those exposures are appropriately hedged.

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is exposed to commodity price risk through its overseas materials sourcing. Contracts for the sale and physical delivery of components are executed whenever possible on a pricing basis intended to achieve a relevant index target. Where pricing terms deviate from the index, derivative commodity contracts may be used when available to return realised prices to the index.

The Group is also exposed to securities price risk on investments held for trading over the medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Consolidated Group	Note	**2015** Carrying Amount $	**2015** Fair Value $	2014 Carrying Amount $	2014 Fair Value $
Financial assets					
Cash and cash equivalents	(i)	**681,621**	**681,621**	1,054,147	1,054,147
Trade and other receivables	(i)	**2,176,711**	**2,176,711**	653,382	653,382
Total financial assets		**2,858,332**	**2,858,332**	1,707,529	1,707,529
Financial liabilities					
Trade and other payables	(i)	**1,566,831**	**1,566,831**	341,941	341,941
Total financial liabilities		**1,566,831**	**1,566,831**	341,941	341,941

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

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 20 to 50, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer.

Director ....

Geoffrey J Cleaves, CEO and Director

Dated this 24th day of September 2015

WONG & MAYES
CHARTERED ACCOUNTANTS
A.B.N. 33 154 816 995
(incorporating Powell Kwok & Co)

LEVEL 16 309 KENT STREET
SYDNEY N.S.W. 2000

P.O. BOX H169
AUSTRALIA SQUARE, SYDNEY 1215

TELEPHONE (02) 8245 0600
FACSIMILE (02) 9262 1408
mailbox@wongmayes.com.au
www.wongmayes.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of MaxSec Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

WONG & MAYES

2

Independence

In conducting our audit, 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 report.

Auditor's Opinion

In our opinion:

a. the financial report of MaxSec Group Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of MaxSec Group Limited for the year ended 30 June 2015 complies with s 300A of the Corporations Act 2001.

WONG & MAYES
Chartered Accountants

Anita Wong | Partner

Dated this 24th day of September 2015

Document ref: 86110_1

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 September 2015.

1. Ordinary fully paid shares

(a) Distribution of shareholders

Category (size of holding):

	Number of holders	Number of shares
1-1,000	653	342,187
1,001-5,000	668	1,606,135
5,001-10,000	157	1,147,126
10,001-100,000	218	6,891,137
100,001 and over	65	193,687,058

	Number of holders	Number of shares
(b) The number of shareholders holding less than a marketable parcel of 17,858 shares are:	1,567	4,297,187

(c) The names of the substantial shareholders listed in the holding company's register are:

		Number of shares
1.	PIERCE SECURITY PTE LTD	23,206,003
2.	CADENCE (90) INVESTMENTS NO 1 PTY LTD	22,090,870
3.	PIERCE ATLANTIC PTE LTD	20,836,289
4.	PANDON HOLDINGS PTE LIMITED	20,542,146
5.	EKOGLOBAL PTY LIMITED <EKOINVESTMENTS A/C>	19,260,788
6.	MR MICHAEL MCGEEVER	15,000,000
7.	4C CONTROLS INC	12,800,000
8.	MR STEVEN BRYCE OUTTRIM	5,500,000

(d) Voting rights

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

ASX Additional Information (cont.)

(e) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Ordinary Shares	
		Number of shares	Percentage of ordinary shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,667,240	13.09
2	CADENCE (90) INVESTMENTS NO 1 PTY LTD	22,090,870	10.85
3	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	21,018,000	10.32
4	PIERCE ATLANTIC PTE LTD	20,836,289	10.23
5	PANDON HOLDINGS PTE LIMITED	20,542,146	10.09
6	EKOGLOBAL PTY LIMITED <EKOINVESTMENTS A/C>	19,260,788	9.46
7	4C CONTROLS INC	12,800,000	6.28
8	MR NEIL HINGSTON <HINGSTON FAMILY A/C>	7,309,239	3.59
9	MR STEVEN BRYCE OUTTRIM	5,500,000	2.70
10	MR PATRICK BENEDICT TWOMEY + MS GENEVIEVE ROSVALL <PB & GL TWOMEY FAMILY A/C>	5,000,000	2.45
11	MR MATTHEW NYE-HINGSTON	3,180,580	1.56
12	CITICOP NOMINEES PTY LIMITED	2,546,858	1.25
13	MR ROBERT ANDREW BROOMFIELD	2,500,000	1.23
14	JP MORGAN NOMINEES LIMITED <CASH INCOME A/C>	1,859,101	0.91
15	MS KAREN SOANS	1,716,405	0.84
16	DR MICHAEL IAN NISSEN	1,355,002	0.67
17	LITTLEBET COM PTY LTD	1,315,767	0.65
18	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	1,295,381	0.64
19	MS LYNETTE JOY SANDERS	1,250,000	0.61
20	MUR PTY LTD <PAVAL DISCRETIONARY A/C>	1,144,481	0.56
		179,188,147	87.98

2. Options

(a) Distribution of equity securities

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

	Number of holders	Number of options
1-1,000	0	0
1,001-5,000	0	0
5,001-10,000	0	0
10,001-100,000	0	0
100,001 and over	4	14,200,000

ASX Additional Information (cont.)

(b) Twenty largest option holders

The names of the twenty largest holders of quoted options are:

		Number of options	Percentage of quoted options
1.	PANDON HOLDINGS PTE LIMITED	7,700,000	54.23
2.	MR GEOFFREY CLEAVES	5,000,000	35.21
3.	MR ROBERT BROOMFIELD	1,000,000	7.04
4.	MR JOHAN LANDSBERG	500,000	3.52
		14,200,000	100.00

(c) Voting rights

Options do not carry voting rights