



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

**APPENDIX 4D - INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

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

This half-year financial report constitutes the Appendix 4D prepared in accordance with the Australian Securities Exchange Listing Rules and the half year financial report in accordance with the Corporations Act 2001. This report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2015 and any public announcements made by MaxSec Group Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Appendix 4D

Interim Financial Report for the Half-Year Ended 31 December 2015

Name of entity: MaxSec Group Limited (ABN 89 000 029 265)

1. Reporting period

Report for the half year ended: 31.12.2015

Previous corresponding period is the financial year ended 30.06.2015 and half year ended 31.12.2014.

2. Results for announcement to the market

Key Information	Half-year Ended 31-Dec-15 \$A'000	Half-year Ended 31-Dec-14 \$A'000	% Change
Revenue from ordinary activities	2,063	1,836	+12.32%
Profit/(loss) after tax from ordinary activities attributable to members	142	231	-38.62%
Net Profit/(loss) attributable to members	142	231	-38.62%
Dividends paid and Proposed <i>(item 2.4)</i>	Amount per security (cents)	Franked amount per security at 30% of Tax (cents)	
2015 Final dividend	N/A	N/A	
2015 Interim dividend	N/A	N/A	
Previous corresponding period	N/A	N/A	
Record date for determining entitlements to the dividends <i>(item 2.5)</i>			
Explanation of Key Information and Dividends <i>(item 2.6)</i> : An explanation of the above figures is contained in the “Review of Operations” included within the attached Directors’ Report.			

3. Net tangible assets per security (item 3)

	Half-year Ended 31-Dec-15 \$/share	Half-year Ended 31-Dec-14 \$/share
Net tangible asset per share	1.28 cents	1.08 cents

4. Details of control gained or lost over entities in the half-year: (item 4)

Control gained over entities

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

Loss of control over entities

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

5. Dividend details (item 5)

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

Amount per security

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

Total dividend on all securities

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

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

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

7. Investment in associates and joint venture (item 7)

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

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

Group's share of associates' and joint venture entities':	2015 A\$'000	2014 A\$'000
Profit/(loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities	N/A	N/A
Net profit/(loss) from ordinary activities after tax	N/A	N/A
Adjustments	N/A	N/A
Share of net profit/(loss) of associates and joint venture entities	N/A	N/A

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

The half year condensed financial report attached.

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

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

10. Matters relating to a qualified independent review statement

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



MAXSEC GROUP LIMITED

(ABN 89 000 029 265)

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Whatever the Access Application



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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

Directors

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

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

Review of Operations

The six months to 31 December 2015 has been a period of continued growth and expansion of our market sectors and channels. Key achievements during the period are:

- Successful completion of a number of major projects for both Government and Industry;
- Continued strong sales growth and market interest for the Cobalt range of electric locks;
- Integration of 3 new distribution partners and negotiation with Hills Limited to be appointed a distributor;
- Appointment of a new sales resource in the MENA market;
- Marketing efforts for both brand awareness and product marketing has been increased again, in all of our markets, establishing greater brand awareness;
- Development of a range of distributor focused biometric products;
- Development of integrated software for our biometric and card reader products;
- Launch of our new range of OSDP output readers.

Revenue

The Company's consolidated sales revenue for the half year to 31 December 2015 of \$2,062,637 (\$1,836,417 : half year to 31 December 2014). This represents an improvement of 12.32% (\$226,220) over the corresponding period last year and is reflective of management efforts to develop additional sales channels and key accounts.

Consolidated Result

The consolidated profit of the Company for the half year ended 31 December 2015 amounted to \$141,939 (\$231,231 profit : half year to 31 December 2014), a decrease of \$89,292 (38.62%) compared to the same period last year.

The results reflects our increased marketing investment in all markets as well as training and integration of new distributors on the same period in the previous financial year and can be attributed to the continued commitment, focus and implementation of management's key strategic objectives as outlined at the 2015 AGM.

Auditor's Independence Declaration

The leading auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2015.

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

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

Geoffrey J Cleaves
CEO and Director
29th day of February 2016

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

WONG & MAYES
CHARTERED ACCOUNTANTS
A B N 33 154 815 995
(incorporating Powell Kwok & Co)

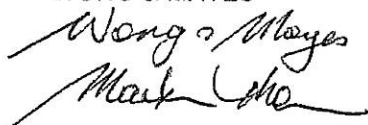
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AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAXSEC GROUP LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of :

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

WONG & MAYES



Martin Thompson | Partner

Sydney

Date 19 February 2016

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		Consolidated Group	
	Note	Half-year Ended 31/12/2015	Half-year Ended 31/12/2014
		\$	\$
Revenue	2	2,062,637	1,836,417
Other income	2	207,945	213,271
Other comprehensive income		-	-
Raw materials and consumables used		(846,521)	(607,919)
Employee benefits expense		(634,873)	(405,147)
Depreciation and amortisation expense		(135,114)	(65,150)
Finance costs		(2,868)	(2,806)
Other expenses		(509,267)	(737,435)
Profit before income tax		141,939	231,231
Income tax expense		-	-
Profit from continuing operations		141,939	231,231
(Loss)/Profit from discontinued operations		-	-
Profit for the period		141,939	231,231
Net Profit attributable to:			
- members of the parent entity		141,939	231,231
- non-controlling interest		-	-
		141,939	231,231
Earnings per share			
From continuing and discontinued operations:			
- basic earnings per share (cents)		0.070	0.12
- diluted earnings per share (cents)		0.065	0.12
From continuing operations:			
- basic earnings per share (cents)		0.070	0.12
- diluted earnings per share (cents)		0.065	0.12

The accompanying notes form part of these financial statements.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Consolidated Group	
	As at	As at
	31/12/2015	30/06/2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	860,410	681,621
Trade and other receivables	1,767,846	2,176,711
Inventories	978,596	878,513
Other assets	308,588	94,333
TOTAL CURRENT ASSETS	3,915,440	3,831,178
NON-CURRENT ASSETS		
Property, plant and equipment	82,112	63,801
Intangible assets	2,060,018	1,892,978
TOTAL NON-CURRENT ASSETS	2,142,130	1,956,779
TOTAL ASSETS	6,057,570	5,787,957
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,208,706	1,566,831
Provisions	134,677	171,566
TOTAL CURRENT LIABILITIES	1,343,383	1,738,397
NON-CURRENT LIABILITIES		
Provisions	50,410	43,656
TOTAL NON-CURRENT LIABILITIES	50,410	43,656
TOTAL LIABILITIES	1,393,793	1,782,053
NET ASSETS	4,663,777	4,005,904
EQUITY		
Issued capital	61,041,198	60,761,198
Reserves	24,650,368	24,414,434
Retained earnings	(81,027,789)	(81,169,728)
Parent entity interest	4,663,777	4,005,904
Non-controlling interest	-	-
TOTAL EQUITY	4,663,777	4,005,904

The accompanying notes form part of these financial statements.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

Consolidated Group	Ordinary Share Capital	Share Based Expenses Reserves	Capital Profit Reserve	Foreign Currency Translation Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	60,761,198	23,276,902	1,031,042	(7,608)	(81,581,197)	3,480,337
Comprehensive income						
Profit for the period	-	-	-	-	231,231	231,231
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	231,231	231,231
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	164,184	-	164,184
Total transactions with owners and other transfers	-	-	-	164,184	-	164,184
Balance at 31 December 2014	60,761,198	23,276,902	1,031,042	156,576	(81,349,966)	3,875,752
Balance at 1 July 2015	60,761,198	23,276,902	1,031,042	106,490	(81,169,728)	4,005,904
Comprehensive income						
Profit for the period	-	-	-	-	141,939	141,939
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	141,939	141,939
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period	280,000	-	-	-	-	280,000
Foreign currency translation reserve	-	-	-	235,934	-	235,934
Total transactions with owners and other transfers	280,000	-	-	235,934	-	515,934
Balance at 31 December 2015	61,041,198	23,276,902	1,031,042	342,424	(81,027,789)	4,663,777

The accompanying notes form part of these financial statements.

MaxSec Group Limited ABN 89 000 029 265
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

	Consolidated Group	
	Half-year Ended 31/12/2015	Half-year Ended 31/12/2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,664,611	1,934,061
Payments to suppliers and employees	(2,556,414)	(1,910,326)
Dividends received	-	-
Interest received	3,752	12,865
Finance Costs	(742)	(2,806)
Income tax paid	-	-
R & D Tax Refund	-	-
Net cash (used in)/provided by operating activities	111,207	33,794
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	-	-
Purchase of capital expenditure (Product Capitalisation)	(205,435)	(146,486)
Purchase of property, plant and equipment	-	(14,908)
Net cash used in investing activities	(205,435)	(161,394)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	280,000	-
Repayment of borrowings	-	-
Net cash (used in)/provided by financing activities	280,000	-
Net decrease in cash held	185,772	(127,600)
Cash and cash equivalents at beginning of period	681,621	1,054,147
Exchange Adjustment	(6,983)	(433)
Cash and cash equivalents at end of period	860,410	926,114

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant accounting policies

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MaxSec Group Limited and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 23 February 2016.

b. Accounting Policies

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

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

Note 2: Profit for the Period

	Consolidated Group	
	Half-year Ended 31/12/2015	Half-year Ended 31/12/2014
	\$	\$
Revenue from continued operations		
Sales revenue	2,056,829	1,823,552
Other revenue		
- R & D Tax Refund	207,945	213,271
- Others	-	-
Interest income	5,808	12,865
Total revenue and other income from continued operation	2,270,582	2,049,688

Note 3: Dividends

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

Note 4: Business Combinations

No business combination has occurred during the current interim periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Note 5: Operating Segments

(i) Segment performance

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Half-year ended					
31 December 2015					
Revenue					
External sales	1,036,076	395,855	23,607	601,290	2,056,828
Intersegment sales	401,275	-	-	280,800	682,075
Other income	207,945	-	-	-	207,945
Interest revenue	5,808	-	-	-	5,808
Total segment revenue	1,651,104	395,855	23,607	882,090	2,952,656
Segment net profit before tax	526,664	(29,769)	(39,516)	73,477	530,857

Reconciliation of segment result to group net profit/(loss) before tax

Amounts not included in segment result but reviewed by the Board:

- depreciation and amortisation					(135,115)
Unallocated items:					
- finance costs					(2,868)
- corporate charges					(250,936)
Net profit before tax from continuing operations					141,939

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Half-year ended					
31 December 2014					
Revenue					
External sales	1,043,471	282,509	4,611	492,961	1,823,552
Intersegment sales	220,674	-	-	194,213	414,887
Other income	213,249	-	-	22	213,271
Interest revenue	12,865	-	-	-	12,865
Total segment revenue	1,490,259	282,509	4,611	687,196	2,464,575
Segment net profit before tax	785,549	(25,010)	(47,780)	(111,405)	601,354

Reconciliation of segment result to group net profit/(loss) before tax

Amounts not included in segment result but reviewed by the Board:

- depreciation and amortisation					(65,150)
Unallocated items:					
- finance costs					-
- corporate charges					(304,973)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Note 5: Operating Segments

(i) Segment performance

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Net profit before tax from continuing operations					231,231

(ii) Segment assets

	Australia	UK	US	SEA	Total
	\$	\$	\$	\$	\$
Opening balance 1 July 2015	2,137,943	304,626	44,384	3,301,024	5,787,957
Additions	622,953	-	5,959	-	508,169
Disposals	-	(515)	-	(358,804)	(25,202)
Closing balance 31 December 2015	2,760,896	304,111	50,343	2,949,220	6,057,570

Note 6: Contingent Liabilities

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

Note 7: Events After the end of the interim period

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

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declaration required by s 295A of the Corporations Act 2001 from the Chief Executive Officer.



Geoffrey J Cleaves
CEO and Director
Dated this 29th of February 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MaxSec Group Limited which comprises the consolidated condensed statement of financial position as at 31 December 2015 and the consolidated condensed statement of profit & loss and other comprehensive income, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including, giving a true and fair view of MaxSec Group Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MaxSec Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of MaxSec Group Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

WONG & MAYES

Chartered Accountants

Wong & Mayes

Martin Thompson

Martin Thompson | Partner

Dated at Sydney this th26 day of February 2016