



4C Security Solutions Limited

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Monday 31 August 2009

Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Preliminary Final Report (Appendix 4E)

In accordance with the requirements of ASX Listing Rule 4.3 A attached is Appendix 3E preliminary final report for 4C Security Solutions Ltd.

During the past year the Group experienced significant improvement in its operations. The implementation of the cost-reduction measures announced at the last EGM (June 2008) improved the internal efficiency of the group.

Due to the impact of the global financial crisis on the Company's performance the increase in sales revenue was only 17 %. However, this increase represents the biggest increase in sales revenue in the last 3 years.

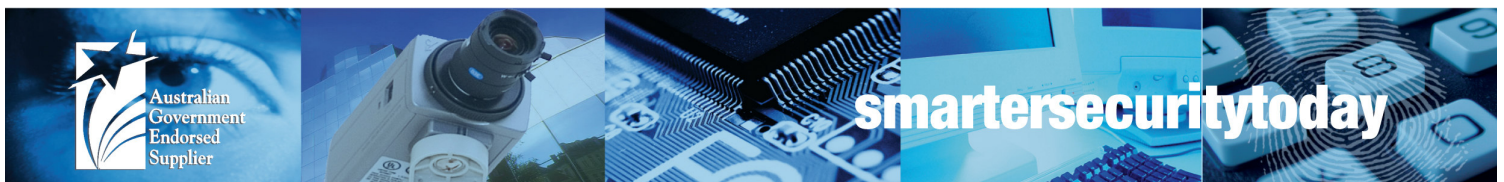
The company will continue to work in line with the framework announced at the last AGM and will strive to overcome difficulties facing the whole security business as a result of the global financial crisis.

On behalf of 4C Security Solutions Limited,

Yours faithfully

Anastasios Angeloglou

Group CEO



Appendix 4E

Preliminary final report

Name of entity

4C Security Solutions Ltd

ABN or equivalent company reference

89 000 029 265

Preliminary final

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Financial period ('current period)

30 June 2009

Result for announcement to the market

	\$A'000			
Revenues from ordinary activities	up	17%	to	4 821
Profit (loss) from ordinary activities after tax attributable to members	down	485 %	to	(2 783)
Profit (loss) from ordinary activities after tax attributable to members	Gain(loss)	-		-
Net profit (loss) for the period attributable to members	Down	485 %	To	(2 783)
Dividends(distribution)	Amount per security		Franked amount per security	
Final dividend		Nil		Nil
Previous corresponding period		Nil		Nil
*Record date for determining entitlements to the dividend (in the case of a trust, distribution)	N/A			

There are no dividend reinvestment plans in operation. No dividends have been declared or paid during the current or previous financial year.

Consolidated Income Statement

Revenue and expenses from ordinary activities	Current Period A\$ 000	Previous corresponding period A\$ 000
Revenue from sales or services	4 796	3 952
Interest revenue	25	162
Total revenues from ordinary activities	4 821	4 114
<i>Details of relevant expenses:</i>		
Cost of sales	(1 616)	(1 902)
Corporate / office costs	(1 077)	(2 280)
Employee costs	(2 432)	(3 463)
Communication costs	(145)	(105)
Provision for non recovery loans	13	(100)
Consulting Fees	(353)	(2 745)
Marketing/travel expenses	(602)	(415)
Loss on disposal of fixed assets		-
Foreign exchange gain/(loss)	19	(202)
Provision for obsolescence		(371)
Share based payment expense		(999)
Other expenses	(149)	(991)
Depreciation and amortisation	(82)	(179)
Impairment of Intellectual Property	(1 521)	(3 927)
Total expenses from ordinary activities	(7 945)	(17 679)
Borrowing costs	(2)	(3)
Share of net profits (losses) of associates and joint venture entities		-
Profit (loss) from ordinary activities before tax	(3 126)	(13 568)
Income tax on ordinary activities	343	-
Profit (loss) from ordinary activities after tax	(2 783)	(13 568)
Profit (loss) from extraordinary items after tax		-
Net Profit(loss)	(2 783)	(13 568)
Net loss attributable to outside equity interests		57
Net profit (loss) for the period attributable to members	(2 783)	(13 511)

There have been no non-owner transaction changes in equity during the current financial year

Earnings per share	Current period	Previous corresponding period
Basic EPS	(4.2) cents	(3.8) cents
Diluted EPS	(4.2) cents	(3.8) cents

Management discussion***Background***

The Company has implemented a number of initiatives designed to increase sales and reduce operating costs in order to achieve a far better bottom line. While the significant reduction in operating costs has taken place as planned, and will continue to be evident during the new financial year 2010, the global financial downturn has kept the company's sales revenue growth to the current reported levels.

Sales Revenues

Sales revenue for the year increased by 21% compared to the previous corresponding period, to \$4 796 K. A primary reason of this growth is the commercial activities of the newly established office in Dubai/UAE. The business model implemented at the end of the previous financial year made immediate positive impact on the company's sales performance. However the global liquidity situation has resulted in extended sales cycle and extended payment terms thus effecting the Company's cash situation.

Expenses

During the course of year the tight financial discipline implemented spurred the cost-saving of the Group in all cost components, while the optimisation of the internal procedures improved group efficiency and reduced further Company costs.

Annual impairment testing of intangible assets, as required by IFRS, resulted in an impairment expense of \$1 521 K.

The key components of the cost –reduction were:

- Decreased corporate/office cost by moving to new premises;
- Staff expenses were significantly down by 42 % as part of the restructuring processes;
- The group consulting and outsourcing costs are more than halved.

Private Placement Activities

The Company made private placements to sophisticated investors, raising \$2,705 K during the year (after capital raising costs).

Financial Facility

In April 2009 the Group entered into loan agreements with two major shareholders for US\$334 000, available in three tranches. The company utilized 30 % from the amount during the financial year and another 21 % in July 2009.

Subsequent Events

In July 2009 the group signed a convertible loan agreement with an unrelated party for AUD\$190 000.

On 17 July 2009 FCS signed a loan agreement with Prime Asset finance for AUD\$180 000.

Consolidated Balance Sheet	Current period A\$ 000	Previous corresponding period A\$ 000
Current Assets		
Cash	221	107
Receivables	893	804
Inventories	1 158	1160
Other (provide details if material)	127	-
Total current assets	2 399	2 071
Non-current assets		
Receivables		-
Loans	215	-
Other investments	99	122
Other property, plant and equipment (net)	337	273
Intangibles (net)		1 521
Other	189	185
Total non-current assets	840	2 101
Total assets	3 239	4 172
Current liabilities		
Payables	1 005	1 767
Tax liabilities	108	
Provisions exc. Tax liabilities	65	361
Total current liabilities	1 178	2 128
Non-current liabilities		
Interest bearing liabilities	126	-
Provisions exc. tax liabilities Other		88
Total non-current liabilities	126	88
Total Liabilities	1,304	2,216
Net Assets	1,935	1,956
Equity		
Capital/contributed equity	57 942	55 237
Reserves	24 358	24 358
Retained profits (accumulated losses)	(80 365)	(77 582)
Equity attributable to members of the parent entity		2 013
Outside ⁺ equity interests in controlled entities		57
Total Equity	1 935	1 956

Consolidated retained profit	Current period A\$ 000	Previous corresponding period A\$ 000
Retained profits (accumulated losses) at the beginning of the financial period	(77 582)	(64 071)
Net profit (loss) attributable to shareholders	(2 783)	(13 511)
Net transfers from (to) reserves		-
Net effect of changes in accounting policies		-
Dividends and other equity distributions paid or payable		-
Retained profits (accumulated losses) at end of financial period	(80 365)	(77 582)

Consolidated Cash flow	Current period A\$ 000	Previous corresponding period A\$ 000
Cash flow from operating activities		
Receipts from customers	5 453	4 729
Payments to suppliers and employees	(8 384)	(12 101)
Interest and other items of similar nature received	14	158
Interest and other costs of finance paid	(2)	(3)
Other Receipts	343	364
Net operating cash flows	(2 576)	(6 853)
Cash flows related to investing activities		
Payment for purchases of property, plant & equipment	(90)	(13)
Other	(67)	(122)
Net investing cash flows	(157)	(135)
Cash flows related to financing activities		
Proceeds from issues of *securities (shares, options, etc.)	3 025	1 954
Proceeds from borrowings	125	-
Repayment of borrowings		-
Dividends paid		-
Other-Capital raising costs	(320)	-
Net financing cash flows	2 830	1 954
Net increase (decrease) in cash held	97	(5 034)
Cash at beginning of period	106	5 140
<i>(see Reconciliation of cash)</i>		
Exchange rate adjustments	19	-
Cash at end of period	222	106
<i>(see Reconciliation of cash)</i>		

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows	Current period A\$ 000	Previous corresponding period A\$ 000
Cash on hand and at bank	222	106
Deposit at call		
Bank overdraft		
Other (term deposit)		
Total cash at the end of the period	222	106

EARNINGS PER SECURITY (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027:

'Earnings Per Share' has been calculated as follows:

The basic weighted of 65 075 988 ordinary shares over 366 days to 30 June 2009

NET TANGIBLE ASSETS BACKING BY ORDINARY SECURITIES

NTA backing by ordinary securities	Current period A\$ 000	Previous corresponding period A\$ 000
Net tangible asset backing per ordinary security	3 cents	0.2 cents

SEGMENT REPORTING

	Current period A\$ 000	Previous corresponding period A\$ 000
Segment Revenue		
Australia	1 893	2 229
UAE	1 454	
UK	913	1 487
USA	561	398
Total Revenue	4 821	4 114
Segment Result		
Australia	(2 435)	(10 906)
UAE	(311)	
UK	106	(1 282)
USA	(143)	(381)
Unallocated expenses		(999)
Total Result	(2 783)	(13 568)
Segment Assets		
Australia	2 388	3 348
UAE	244	
UK	312	645
USA	295	179
Total Assets	3 239	4 172
Segment Liabilities		
Australia	1 110	2 116
UAE	88	
UK	71	98
USA	35	2
Total Liabilities	1 304	2 216

SECONDARY SEGMENT REPORTING

	Current period A\$ 000	Previous corresponding period A\$ 000
SALES	2009	2008
SMART CARD SECURITY ACCESS SYSTEMS	4 796	3 952
INVESTMENT	25	162
TOTAL	4 821	4 114

ASSETS	2009	2008
SMART CARD SECURITY ACCESS SYSTEMS	3 239	4 172
INVESTMENT		
TOTAL	3 239	4 172

Additional notes to Appendix 4E

Basis for accounts preparation

a) Basis of preparation of the preliminary final report

The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting and Urgent Issues Group consensus views. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those applied in the 30 June 2008 Annual Financial Report.

This preliminary final report does not include full note disclosures of the type normally included in an annual financial report.

b) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred an operating loss of \$2 783 K (after IP impairment charge), during the year ended 30 June 2009. The Directors nevertheless believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The signs of the global financial recovery are mixed, especially in the countries where the Company is operating, at the time this preliminary report is put together.
- The financial security access market is expected to grow significantly over the next years with the competition increasing fiercely, especially from Asian technologies/manufacturers and global security players.
- The Company needs to raise sufficient working capital to be able to complete its turn-around and achieve the objectives as contemplated in the business plan. For this reason the Company will hold an EGM on 30 September 2009 for the Private Placement.
- The Company's products are accepted internationally by the major Security Contractors and should result into increased sales revenue. The Company intends to retain its international technological competitiveness, and this is the reason the Company will seek appropriate funds and partnerships during this challenging financial year.

The consolidated entity's ability to generate positive net cash flow in the 12 months from the date of this report, as contemplated in the business plan, is dependent on a number of factors but primarily on its ability to successfully develop the US and Middle-East markets.

Other information

This report is based on accounts which are in the process of being audited.

Ivan Zangochev

Financial controller

31.08.2009