

**4C SECURITY SOLUTIONS LTD
ABN 89 000 029 265 AND
CONTROLLED ENTITIES**

HALF-YEAR INFORMATION

FOR THE SIX MONTHS ENDED 31
DECEMBER 2009

PROVIDED TO THE ASX UNDER LISTING
RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2009.

Rule4.2A.3

Appendix 4D

Half Year Report for the six months to 31 December 2009

Name of entity

4C Security Solutions Ltd

ABN or equivalent company: 89 000 029 265

1. Reporting period

Report for the half year ended: 31.12.2009

Previous corresponding period is the financial year ended 30.06.2009 and half year ended 31.12.2008

2. Results for announcement to the market

\$A'000		
Revenues from ordinary activities (<i>item 2.1</i>)	down	52 % to 1,351
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	72 % to (369)
Net profit (loss) for the period attributable to members up (<i>item 2.3</i>)		72% to (369)
Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per
Interim dividend	N/A	N/A
Final dividend		
Previous corresponding period	N/A	N/A
Record date for determining entitlements to the divider (<i>item 2.5</i>)		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):		

3. Net tangible assets per security (item 3)

	Current period	Previous period
Net tangible asset per ordinary security	1.0 cents	4.3 cents

4. Details of entities over which control has been gained or lost during the period:
(item 4)

Control gained over entities

Name of entity (item 4.1)	N/A	
Date(s) of gain of control (item 4.2)		
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)		\$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$

Loss of control of entities

Name of entity (item 4.1)	N/A	
Date(s) of gain of control (item 4.2)		
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)		\$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$

5. Dividends (item 5)

	Date of payment	Total Amount of dividend
Interim dividend - year ended 30 June 2010	N/A	
Final dividend - year ended 30 June 2009	N/A	

Amount per security

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

Total dividend on all securities

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

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

N/A

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	% Securities held
4C Satellites Limited	60
4C Security Solutions (UAE) LLC	49
BP Space SPA	45

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

Group's share of associates' and joint venture entities':	2009 A\$'000	2008 A\$'000
Profit (loss) from ordinary activities before tax	Nil	Nil
Income tax on ordinary activities	-	-
Net profit (loss) from ordinary activities after tax	Nil	Nil
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	Nil	Nil

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

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

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

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (*item 17*)

4C SECURITY SOLUTIONS LTD

**ABN 89 000 029 265 And
CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2009**

This half year financial report is to be read in conjunction with the financial report
for the year ended 30 June 2009

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31
DECEMBER 2009

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The accompanying notes form part of these statements

**4C SECURITY SOLUTIONS LTD AND
CONTROLLED ENTITIES DIRECTORS'
REPORT**

The directors presents their report together with the condensed financial report of the consolidated entity consisting of 4C SECURITY Solutions Ltd and the entities it controlled, for the half-year ended 31 December 2009 and independent review report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Michael I Nissen	Since 6 July 1998
Allan N K Kwok	Since 26 November 2002
Abdulrahman Falaknaz	Since 28 November 2002
Anastasios Angeloglou	Since 3 March 2008

The director has been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half-year, after providing for income tax, totalled \$369,509 (2008: Loss \$ 1,295,271).

The financial slowdown of the international markets where the Company is commercially active has negatively affected our commercial activities, with the Company's global half year sales revenue decreased to \$1,351,967.

The significant cost performance improvement helped the group to offset a large percentage of its reduced sales revenue.

The Company's investment in research and development has continued and during the period an ATO R&D tax Offset payment was received of \$363,331, which related to the eligible R&D during the 2008-9 financial year.

The Company' focus for the Second Half Year is to break even and become profitable.

The accompanying notes form part of these financial statements.

-Share Capital Movements

No capital raise happened during the reported period

Auditor's Declaration

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors:



Anastasios Angeloglou

Director

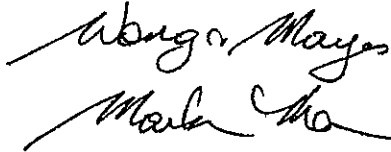
February 26, 2010

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 4C SECURITY SOLUTIONS LTD**

I declare that, to the best of my knowledge and belief, during the financial year ended 31 December 2009 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

Handwritten signatures of Wong & Mayes, including a signature that appears to be 'Wong & Mayes' and another signature that appears to be 'Martin Thompson'.

MARTIN THOMPSON
Partner

Sydney

Dated this *26th* day of *February* 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Half year	
	2009	2008
Sales revenue	1 351 639	2 713 178
Services		95 833
Total revenue	1 351 639	2 809 011
Changes in inventories of finished goods and work in progress	(635 024)	(1056 733)
Employee benefits expense	(928 817)	(1 645 393)
Depreciation and amortisation expenses	(65 103)	(26 830)
Finance costs		(8 079)
Administration expenses	(165 775)	(1258 812)
Consulting fees	(86 845)	(150 913)
Marketing expenses	(57 290)	(53 005)
Share based payment expenses		
Other expenses	(145 757)	(283 931)
Total expenses	(2 084 611)	(3 426 963)
FX Gain/(loss)	(6 663)	26 375
Interest income	328	17 592
Interest Expense	(10 160)	(1 138)
Profit before income tax	(749 466)	(1 631 856)
Income tax expense (income tax benefit)	379 557	336 586
Profit from continuing operations	(369 509)	(1 295 271)
Profit (loss) from discontinued operations	(369 509)	(1 295 271)
Profit for the half-year		
Profit attributable to minority interests		
Profit attributable to the members of the parent	(369 509)	(1 295 271)
Basic earnings per share (cents)	(0.01)	(0.2)
Diluted earnings per share (cents)	(0.01)	(0.2)

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

CURRENT ASSETS	31.12.2009	31.12.2008
Cash and cash equivalents	227 875	192 609
Trade receivables	739 350	2 136 363
Inventory	759 299	1 692 228
Other assets	71 099	
TOTAL CURRENT ASSETS	1 797 623	4 021 199
NON-CURRENT ASSETS		
Other financial assets	203 921	232 958
Property, plant and equipment	245 495	372 675
Intangible assets		520 500
Other non-current assets	52 938	
TOTAL NON-CURRENT ASSETS	502 354	2 126 133
TOTAL ASSETS	2 299 977	6 147 333
CURRENT LIABILITIES		
Trade and other payables	825 490	1 785 733
Short-term provisions	65 671	624 740
Other current liabilities	82 066	414 641
TOTAL CURRENT LIABILITIES	973 227	2 825 114
NON-CURRENT LIABILITIES		
Liabilities	1 093	
Loans	777 677	
TOTAL NON-CURRENT LIABILITIES	778 770	
TOTAL LIABILITIES	1 751 997	2 825 114
TOTAL NET ASSETS	547 980	3 322 219
EQUITY		
Share Capital	58 087 500	58 087 501
Reserves	23 307 943	24 291 340
Retained profit(accumulated losses)	(81 477 954)	(77 761 351)
Current year profit(loss)	(369 509)	(1 295 271)
Parent equity interest	547 980	3 322 219
TOTAL EQUITY	547 980	3 322 219

The accompanying notes form part of these financial statements.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half-year	
	2009	2008
TOTAL EQUITY AT BEGINNING OF THE HALF-YEAR	<u>917 489</u>	<u>1 913 270</u>
Profit/loss for the year	(369 509)	(1 295 271)
Total recognized income and expense for the period	(369 509)	(1 295 271)
Attributable to:		
Members of the parent	(369 509)	(1 295 271)
Minority interest		
Transactions with equity holders in their capacity as equity holders		
Contributions		<u>2 704 960</u>
TOTAL EQUITY AT THE END OF YEAR	547 980	3 222 219

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

CASH FLOW FROM OPERATING ACTIVITIES	31.12.2009	31.12.2008
Receipt from customers	1 582 515	2 551 440
Payment to suppliers and employees	(2 235 618)	(5 388 067)
Interest received	7 238	7 764
Other income	363 331	336 585
NET CASH FLOW FROM OPERATING ACTIVITIES	(282 534)	(2 492 278)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(32 091)	(58 978)
Payment for other non-current assets		(67 485)
NET CASH FLOW FROM INVESTING ACTIVITIES	(32 091)	(126 463)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from share issue		2 704 960
Proceeds fro loan facilities	350 787	
NET CASH FLOW FROM FINANCING ACTIVITIES	350 787	2 704 960
NET INCREASE IN CASH AND CASH EQUIVALENT	36 162	85 717
Cash and cash equivalents and the beginning of the period	191 713	106 892
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	227 875	192 609

The accompanying notes form part of these financial statements.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2009 and any public announcements made by 4C SECURITY Solutions Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation of the half-year financial report

This is the first financial report of 4C SECURITY Solutions Ltd prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). The financial reports of 4C SECURITY Solutions Ltd were prepared in accordance with the previous Australian Generally Accepted Accounting Principles (AGAAP) until 30 June 2005. There are certain differences between accounting policies under AIFRS and AGAAP and where applicable the comparative figures have been restated to reflect these adjustments. A summary of the significant accounting policies under AIFRS is provided below.

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Summary of the significant accounting policies under AIFRS:

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which 4C SECURITY Solutions Limited controlled from time to time during the year and at balance date. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue Recognition

Revenue from the sale of goods is recognized upon the delivery of goods to customers. Revenue from the rendering of a service is recognized upon delivery of the service to the customer.

Government grants received that relate to specific assets or expenses are deferred and recognized as income in the same period as the asset is consumed or when the associated expenses are incurred.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows: Raw materials and consumables: purchase cost on a first-in-first-out basis; Finished goods and work-in-progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(f) Property, plant and equipment

Cost and valuation

Freehold land and buildings are measured at fair value. At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value. Changes in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity after bringing to account any capital gains tax that would arise on disposal of that asset.

All other classes of property, plant and equipment are measured at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Refer to note 1(i).

Depreciation

Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives 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 useful lives for each class of assets are:

	2009	2008
Plant and equipment:	4 to 7 years	4 to 7 years
Leased plant and equipment:	5 years	5 years

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

Finance Leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalized, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

The cost of improvements to or on leasehold property is capitalized, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with

the lessor, are charged as expenses in the period in which they are incurred.

(g) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of

the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Intellectual Property

Intellectual Property is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and Development

The expenditure on research activities is recognized as an expense when incurred.

Expenditure on development activities is capitalized only when it is expected beyond reasonable doubt that future benefits will exceed the deferred costs. Capitalized development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost over a period, during which the related benefits are expected to be realized, once commercial production is commenced. Other development expenditure is recognized as an expense when incurred.

(h) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES**Notes to the financial statements 31 December 2009****(i) Taxes**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities. A balance sheet approach is adopted under which deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognized in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognized for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Current and deferred tax balances attributable to amounts recognized directly in equity are also recognized directly in equity.

(j) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based payments

The group operates an employee share option plan and an employee share scheme. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. Under the transitional arrangements for first-time adoption of AIFRS, no expense has been recognised for options granted before 7 November 2002 and/or vested before 1 January 2005. For options granted after 7 November 2002 and vesting after 1 January 2005 the fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an expense when the employees become entitled to the shares.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

(I) Financial Instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation at each reporting date.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognized in the profit and loss of the current period. Fair value of listed investments are based on current bid prices.

Non-listed investment for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Held-to-Maturity Investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-Sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss. An impairment loss arising in relation to an "available-for-sale" instrument is recognised directly in profit and loss for the period.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Hedge Accounting

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction the group documents. The relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

(i) Fair value hedge

Changes in fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognized in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(m) Foreign Currencies

Functional and presentation currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. Resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

Group Companies

The financial statements of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

* Income and expenses are translated at average exchange rates for the period; and

All resulting exchange differences are recognized as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the balance sheet.

(n) Comparatives

In accordance with the first-time adoption of AtFRS, comparative information has been reclassified where appropriate through retrospective application of AIFRS to the previous year results so as to achieve consistency with current year disclosures.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES Notes to the financial statements 31 December 2009

NOTE 2: COMPARATIVE INFORMATION SEASONAL OPERATIONS

The entity's operations are not seasonal and therefore there are no substantial variations between levels of revenues or profits for different interim periods during the year.

NOTE 3: SUBSEQUENT EVENTS

There were no material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements.

NOTE 4: SIGNIFICANT ITEMS

No significant items were recorded

NOTE 5: REVISION OF ACCOUNTING ESTIMATES

There has been no revision of accounting estimates during the current interim period **NOTE 6: DIVIDENDS**

No dividends were declared or paid during the current and previous interim periods.

**4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES Notes
to the financial statements 31 December 2009**

NOTE 7: SEGMENT REPORTING

GEOGRAPHICAL REPORT for HALF YEAR ENDED 31.12.2009

SEGMENT REVENUE	31.12.2009	31.12.2008
Australia	628 169	1 106 792
UK	500 503	422 181
USA	138 837	398 322
UAE	84 458	881 716
Unallocated revenue		16 454
Total Revenue	1 351 967	2 825 465
SEGMENT RESULT		
Australia	19 971	(1 049 003)
UK	(12 168)	(7 169)
USA	(12 903)	(20 004)
UAE	(364 409)	(219 068)
Total Result	(369 509)	(1 295 271)

NOTE 8: ISSURANCES, REPURCHASES, AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

On 06 July 2009 The group entered into loan Facility Agreement for 180 000 AUD with convertible option. The company implemented 7 for 1 capital consolidation of all shares and options on issue a that date

- On 1 July 4C Control acquire 15,000,000 old shares for 3,000,000 AUD
- On 22 September On 22 September 2008, listed options with ASX at an exercise price of 10 cents and expiry date of 31 December 2013 were issued under the terms of the SPA to:

4C Controls Inc	9,500,000
Financial Advisors	
Prime Asset Finance Ltd	12,214,286
Arimathea Limited	4,500,000

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

Notes to the financial statements 31 December 2009

NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY

There have been no changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

NOTE 10: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2009.

4C SECURITY SOLUTIONS LTD

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 17 are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that 4C SECURITY Solutions Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



ANASTASIOS ANGELOGLOU

DIRECTOR

February 26, 2010

To the members of 4C Solutions Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of 4C Solutions Limited, which comprises the condensed Balance Sheet as at 31 December 2009, and the condensed Income Statement, condensed Statement of Changes in Equity and condensed Cash Flow statement for the half-year ended on that date and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of 4C Solutions Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 ASRE 2410 Review of an Interim 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company financial position as at 31 December 2009 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 4C Solutions 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 other 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, provided to the directors of 4C Solutions Limited on 29

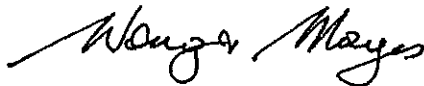
September 2009 would be in the same terms if provided to the directors as at the date of this auditor's review report.

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 4C Solutions Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

WONG & MAYES



Martin G. Thompson
Partner



26 February 2010