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

HALF-YEAR INFORMATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

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 2010.

Rule4.2A.3

Appendix 4D

Half Year Report for the six months to 31 December 2010

Name of entity

4C Security Solutions Ltd

ABN or equivalent company: 89 000 029 265

1. Reporting period

Report for the half year ended: 31.12.2010

Previous corresponding period is the financial year ended 30.06.2010 and half year ended 31.12.2009

2. Results for announcement to the market

				$A'000
Revenues from ordinary activities *(item 2.1)*	down	14.1 %	to	1,161
Profit (loss) from ordinary activities after tax attributable to members *(item 2.2)*	up	38.0 %	to	(229)
Net profit (loss) for the period attributable to members *(item 2.3)*	up	38.0%	to	(229)

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend Final dividend	N/A	N/A
Previous corresponding period	N/A	N/A
Record date for determining entitlements to the dividends *(item 2.5)*		

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

3. Net tangible assets per security (item 3)

	Current period	Previous period
Net tangible asset per ordinary security	0.79 cents	1.00 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)	Magna Electronics Pte. Limited
Date(s) of gain of control (item 4.2)	29 November 2010
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 ($33)
Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	A$'000 -

Loss of control 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 2011	N/A	
Final dividend - year ended 30 June 2010	N/A	

Amount per security

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

Total dividend on all securities

	Current Period $A'000	Previous 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
BQT Solutions UAE (LLC)	49
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':	2010 A$'000	2009 A$'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

There is no dispute or qualification in the respect of the independent review of the half year financial report. Should there is any, a description of the dispute or qualification in respect of the independent review will be provided.

4C SECURITY SOLUTIONS LTD

ABN 89 000 029 265

and

CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010

This half year financial report is to be read in conjunction with the financial report of the year ended 30 June 2010

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE HALF YEAR ENDED

31 DECEMBER 2010

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4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present 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 2010 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
Robert Broomfield	Since 5 October 2010
Geoffrey J Cleaves	Since 5 October 2010
Allan N K Kwok (Resigned on 5 February 2011)	Since 26 November 2002
Johan Landsberg	Since 6 May 2010
Abdulrahman Falaknaz (Resigned on 30 September 2010)	Since 28 November 2002
Anastasios Angeloglou (Resigned on 10 November 2010)	Since 3 March 2008

Review of Operations

Revenue

The Company's consolidated sales revenue for the half year to 31 December, 2010 of $1,152,797 ($1,351,639 : half year to 31 December, 2009) decreased as a direct result of the rationalisation of operations in non-performing markets which had been, and continue to be effected by the Global Financial Crisis. We are now well placed to increase our efforts and allocate appropriate resources in these markets as they recover.

Consolidated Result

The consolidated loss of the Company for the half year ended 31 December, 2010 after providing for income tax amounted to $229,132 ($369,509 loss: half year to 31 December, 2009). The loss is a significant improvement over the same period last year and includes $145,568 of expenses related to rationalising operations in non-performing markets.

The Company's investment in research and development has continued and during the period an ATO R&D tax offset payment of $330,346 was received, which related to the eligible R&D during the 2008-9 financial year. A claim has been submitted to the ATO for an R&D tax offset payment for the 2009-10 financial year.

Changes in the Composition of the Entity

On 29 November, 2010, the Company acquired a 100 % of the issued capital of Magna Electronics Pte. Limited. As at 31 December, 2010, the Company had settled tranche 1 of the consideration being $150,000 cash and 10,000,000 shares at an issue market value of $0.03 per share.

The remaining consideration for the transaction is as follows:

- Tranche 2 – payable 31 March, 2011: The issue of shares to the value of $250,000, the market value of the shares being the volume weighted average sale price of FCS Shares on the ASX calculated over the last 10 trading days preceding that date on which sales in FCS Shares were recorded on the ASX.

- Tranche 3 – payable 31 March 2012: The issue of the number of FCS Shares as is equal to 5 times the EBITDA for Magna Electronics Pte. Limited for the 12 month period 1 January 2011 to 31 December 2011 divided by the Market Value of FCS Shares as at the date, or at the election of FCS, means any combination of cash and FCS shares (Market Value) as is equal to 5 times the EBITDA for Magna Electronics Pte. Limited for the 12 month period 1 January 2011 to 31 December 2011.

Share Capital Movements

10,000,000 shares at $0.03 per share were issued as part of the settlement for the acquisition of Magna Electronics Pte. Limited.

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:

Geoffrey J Cleaves
Director
21st day of February 2011

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2011
TO THE DIRECTORS OF 4C SECURITY SOLUTIONS LIMITED

I declare that, to the best of my knowledge and belief, during the financial year ended 31 December 2010, 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

Wong & Mayes

MARTIN THOMPSON
Partner
Sydney
Date 23rd **February 2010**

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
Sales revenue	1 152 797	1 351 639
Interest Income	8 602	328
Changes in inventories of finished goods and work in progress	(541 660)	(635 024)
Employee benefits expense	(565 189)	(928 817)
Depreciation and amortisation expenses	(7 012)	(65 103)
Finance costs	-	-
Administration expenses	(506 182)	(165 775)
Consulting fees	(78 678)	(86 845)
Marketing expenses	(2 207)	(57 290)
Other expenses	(23 613)	(155 917)
FX Gain/(loss)	3 664	(6 663)
Profit before income tax	**(559 478)**	**(749 466)**
Income tax benefit (income tax expenses)	330 346	379 957
Profit from continuing operations	**(229 132)**	**(369 509)**
Profit / (loss) from discontinued Operations	-	-
Profit attributable to:-		
- members of the parent entity	(229 132)	(369 509)
- non-controlling interest	-	-
	(229 132)	**(369 509)**
Earning per shares		
Basic earnings per share (cents)	(0.14)	(0.56)
Diluted earnings per share (cents)	(0.14)	(0.56)

The accompanying notes form part of these financial statements.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

CURRENT ASSETS	31.12.2010	31.12.2009
Cash and cash equivalents	653 452	227 875
Trade receivables	637 811	739 350
Inventory	653 383	759 299
Other assets	180 853	71 099
TOTAL CURRENT ASSETS	**2 125 499**	**1 797 623**
NON-CURRENT ASSETS		
Other financial assets	183 010	203 921
Property, plant and equipment	110 945	245 495
Intangible assets	474 382	-
Other non-current assets	53 264	52 938
TOTAL NON-CURRENT ASSETS	**821 601**	**502 354**
TOTAL ASSETS	**2 947 100**	**2 299 977**
CURRENT LIABILTIES		
Trade and other payables	528 827	825 490
Short-term provisions	107 495	65 671
Other current liabilities	275 620	82 066
TOTAL CURRENT LIABILTIES	**911 942**	**973 227**
NON-CURRENT LIABILTIES		
Liabilities	-	1 093
Loans	326 402	777 677
TOTAL NON-CURRENT LIABILTIES	**326 402**	**778 770**
TOTAL LIABILITIES	**1 238 344**	**1 751 997**
TOTAL NET ASSETS	**1 708 756**	**547 980**
EQUITY		
Share Capital	59 822 933	58 087 500
Reserves	24 307 943	24 307 943
Retained profit(accumulated losses)	(82 320 344)	(81 477 954)
Current year profit/(loss)	(229 132)	(369 509)
Foreign currency translation adjustment	127 356	-
Parent equity interest	**1 708 756**	**547 980**
TOTAL EQUITY	**1 708 756**	**547 980**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
TOTAL EQUITY AT BEGINNING OF THE HALF YEAR	**1 510 532**	**917 489**
Foreign exchange translation differences	**127 356**	**-**
Profit / (loss) for the year	**(229 132)**	**(369 509)**
Total recognised income and expense for the period	**(229 132)**	**(369 509)**
Attributable to:		
Members of the parent	(229 132)	(369 509)
Minority interest	-	-
Issue of Shares	300 000	-
Transactions with equity holders in their capacity as equity holders		
Contributions		
TOTAL EQUITY AT THE END OF HALF YEAR	**1 708 756**	**547 980**

The accompanying notes form part of these financial statements.

4C SECURITY SOLUTIONS LTD AND CONTROLLED ENTITIES CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

CASH FLOW FROM OPERATING ACTIVITIES	31.12.2010	31.12.2009
Receipt from customers	2 060 008	1 582 515
Payment to suppliers and employees	(2 557 944)	(2 235 618)
Interest received	8 602	7 238
Other income	330 346	363 331
NET CASH FLOW FROM OPERATING ACTIVITIES	**(158 988)**	**(282 534)**
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(4 756)	(32 091)
Payment for other non-current assets	-	-
Purchase of Investment in Subsidiary	(450 000)	-
NET CASH FLOW FROM INVESTING ACTIVITIES	**(604 756)**	**(32 091)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from share issue	300 000	-
Proceeds from loan facilities	-	350 787
NET CASH FLOW FROM FINANCING ACTIVITIES	**300 000**	**350 787**
NET INCREASE IN CASH AND CASH EQUIVALENT	**(313 744)**	**36 162**
Cash and cash equivalents and the beginning of the period	967 196	191 713
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**653 452**	**227 875**

The accompanying notes form part of these financial statements.

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 is to be read in conjunction with the financial report for the year ended 30 June 2010 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

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

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

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

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 lair 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 l(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:

	2010	2009
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.

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 capitalised, 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 capitalised, 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.

(h) 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.

Research and Development

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

Expenditure on development activities is capitalised only when it is expected beyond reasonable doubt that future benefits will exceed the deferred costs. Capitalised 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 realised, once commercial production is commenced. Other development expenditure is recognised as an expense when incurred.

(i) 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.

(j) 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 recognised 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 recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) 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.

(l) 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 affair 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 recognised 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.

(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 al 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.

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 ACCOUTING 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.

NOTE 7: SEGMENT REPORTING

Geographical Report for Half Year Ended 31 December 2010

SEGMENT REVENUE	**31.12.2010**	**31.12.2009**
Australia	801 810	628 169
UK	279 747	500 503
USA	46 421	138 837
UAE	-	84 458
Singapore	24 819	-
Unallocated revenue	-	-
Total Revenue	**1 152 797**	**1 351 639**
SEGMENT RESULT		
Australia	(87 829)	19 971
UK	21 264	(12 168)
USA	16 074	(12 903)
UAE	(145 567)	(364 409)
Singapore	(33 074)	-
Total Result	**(229 132)**	**(369 509)**

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

10,000,000 shares at $0.03 per share were issued in part settlement for the acquisition of Magna Electronics Pte. Limited.

NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY

On 29 November 2010, 4C Security Solutions Limited has made an acquisition of 100% of the issued capital of Magna Electronics Pte. Limited.

NOTE 10: CONTINGENT LIABILITIES

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

NOTE 11: CAPITAL COMMITMENTS

The final payment for acquisition of Magna Electronics Pte. Limited is payable on 31 March 2012 by issue of FCS shares or, at FCS's absolute discretion wholly or partly by cash. The number of shares to be issued or cash to be paid is dependent on the earnings of Magna in the next 12 months and the share price of FCS as at 31 December 2011. The capital commitment amount as disclosed is based on projected earnings as prepared by Magna management and FCS current share price.

	Consolidated Group	
	31.12.2010	**31.12.2009**
Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Final payment for acquisition of investment	1 061 830	-
	1 061 830	-
Payable:		
- Not later than 12 months	-	-
- Between 12 months and 5 years	1 061 830	-
- Greater than 5 years	-	-
	1 061 830	-

4C SECURITY SOLUTIONS LTD

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 17 are in accordance with the Corporations Act 2001, including:

    (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and

    (b) give a true and fair view of the consolidated entity as at 31 December 2010 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.

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

Geoffrey J Cleaves

Director

21st February 2011

WONG & MAYES
CHARTERED ACCOUNTANTS
A.B.N. 33 154 816 995

MARTIN G. THOMPSON, B.Comm, M.Tax, FCA
M. SILAS CHAN, B.Comm, CA
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF 4C SECURITY SOLUTIONS LIMITED AND CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of 4C Security Solutions Limited and controlled entities (the consolidated entity) which comprises the consolidated condensed statement of financial position as at 31 December 2010, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of 4C Security Solutions Limited (the company) are responsible for the preparation and fair presentation 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 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 consolidated entity's financial position as at 31 December 2010 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 Security Solutions Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of 4C Security Solutions Limited and controlled entities for the half-year ended 31 December 2010 included on the website of 4C Security Solutions Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

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, provided to the directors of 4C Security Solutions Limited and controlled entities on 23 February 2011, would be in the same terms if provided to the directors as at the time 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 Security Solutions Limited and controlled entities is not in accordance with the Corporations Act 2001 including:-

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

WONG & MAYES
Chartered Accountants

Wong & Mayes
Martin Thompson

Martin Thompson
Partner

Dated this 23 day of February 2011