



4C Security Solutions Limited

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16 November 2009

Ms Suzanna Dabski
ASX Markets Supervision Pty Ltd
By Email: suzanna.dabski@asx.com.au

Dear Suzanna,

I refer to your email in relation to the company's Quarterly Report (Appendix 4C) for the period ended 30 September 2009 (incorrectly referenced as Quarter ended 30 October 2009) released to ASX on 30 October 2009.

My response to your questions are set out below.

1. The company expects the net negative operating cash flow for the next quarter will be reduced, as sales revenues increase and future operational expenses decrease significantly due to measures implemented by the company.

2. The company expects its negative operating cash flow will be reduced for the December 2009 quarter and further expects it will have positive operating cash flows for the third financial quarter.

Also the company has commenced a A\$1.2M capital raising which was approved by shareholders at the company's extraordinary general meeting held 30 September 2009.

3. The company has commenced a A\$1.2M capital raising exercise and proposes to issue up to 30 million FCS shares by private placement.

4. The company confirms that it is in compliance with the listing rules, including listing rule 3.1.

5. In reference to listing rule 12.2, the company considers its financial condition adequate to achieve its business objectives, as stated in previous announcements to the ASX.

In relation to your request to clarify the following statement, which was included in the covering letter for the company's Quarterly Report (Appendix 4C) for the period ended 30 September 2009:

"During the current quarter the group received an external financial financing from oneshareholders which reinforced financial position of the company to meet all future needs."



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The above statement refers to loan funds received from Pandon Holdings Pte Limited (an unrelated party), refer to ASX announcement dated 7 July 2009. The loan was obtained to cover a short term cash flow shortage due to general financial conditions affecting the timely collection of some of the group's receivables. Accordingly, the statement should have stated:

“During the current quarter the group received external financing which reinforced the financial position of the company to meet imminent future needs.”

The company apologises for any unintended misunderstanding that may have resulted from the incorrect expressions “financing from one shareholders” and “all future needs” contained in the original statement.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steven J. Danielson', with a long horizontal flourish extending to the right.

Steven J. Danielson - Company Secretary



smartersecuritytoday



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10 November 2009

Mr Steven Danielson
Company Secretary
4C Security Solutions Limited
PO Box 1948
Macquarie Centre
North Ryde NSW 2113

By email: sdanielson@mitchellpartners.com.au

Dear Steven

4C Security Solutions Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2009, released to ASX Limited ("ASX") on 30 October 2009 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$812,000.
2. Net negative operating cash flows for the quarter of \$313,000.
3. Cash at end of quarter of \$203,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me via e-mail to suzanna.dabski@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 a.m. AEDT on Tuesday 17 November 2009**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,



Suzanna Dabski
Adviser, Issuers (Sydney)