



## ASX RELEASE

31 August 2018

### APPENDIX 4E

Preliminary final report for the year ended 30 June 2018

#### Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2018  
Previous Corresponding Period: 30 June 2017

#### Results for announcement to the market

(All comparisons to year ended 30 June 2017)

	\$A'000	Up/Down	% Movement
Revenue from ordinary activities	1,893	up	9.5%
Revenue from ordinary activities excluding interest income	1,893	up	9.5%
Loss from ordinary activities after tax	(4,056)	up	67%
Loss attributable to members	(4,056)	up	67%

Dividends	Amount per share	Franked amount per share
Interim dividend	N/A	N/A
Final dividend	N/A	N/A
<b>Record date for determining entitlements to dividends</b>		N/A

**Brief explanation of any figures reported above necessary to enable the figures to be understood**  
Refer to ASX Announcement and attached Review and Results of Operations



<b>Net tangible assets backing</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Net tangible assets/(liability) per security	0.39 cents	(15.2) cents
Net asset backing per security	0.65 cents	(48.3) cents

### **Control gained or lost over entities having material effect**

On 13 October 2016, Scout Security Limited (the acquirer) was incorporated in Australia primarily for the purpose of investing in US security technology companies.

On 22 August 2017, the Company completed a transaction with the shareholders of Scout Security Inc. 9 (USA) under common control to acquire 100% of the share capital in Scout Security Limited in exchange for 69,900,000 ordinary shares in the Company.

As at the date of acquisition, the assets and liabilities of the Company were as follows:

\$

2,610,587

24,726

294,434

(3,032,947)

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**(103,203)**

### **Material interest in entities which are not controlled entities**

Nil

### **Compliance Statement**

The preliminary final report has been prepared based on the 30 June 2018 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. Financial Report

Signed: \_\_\_\_\_

Danial Roberts  
Executive Director and CEO

Date: 31 August 2018



**For more information, please contact:**

**Dan Roberts**

Chief Executive Officer

[investors@scoutalarm.com](mailto:investors@scoutalarm.com)

**Tim Dohrmann**

Investor and Media Enquiries

+61 468 420 846

[tim@nwrcommunications.com.au](mailto:tim@nwrcommunications.com.au)

**Michael Shaw-Taylor**

Corporate Advisor

+61 477 383 390

[michael.shaw-taylor@armadacapital.com.au](mailto:michael.shaw-taylor@armadacapital.com.au)

**About Scout Security Limited**

**Scout Security Limited (ASX: SCT)** sells the Scout Alarm, a self-installed, wireless home security system that is making security more modern, open and affordable. The Scout system is consistently recognised as one of the best smart home security devices, most recently being labeled 2018 Best DIY Home Security System by TopTenReviews.com.

Scout's design-centric offering gives users complete flexibility around connected home security, allowing the system to integrate with other best-in-class IoT devices and offering flexible monitoring options.

Scout is an official partner of Amazon Alexa, Google's Works With Nest and Samsung SmartThings. Scout is also an Amazon Alexa Fund portfolio company.

[www.scoutalarm.com](http://www.scoutalarm.com)



**PRELIMINARY FINAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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**CORPORATE DIRECTORY**

**Directors**

Mr John Strong – Non-Executive Chairman  
Mr Daniel Roberts – Chief Executive Director  
Mr David Shapiro –Executive Director  
Mr Anthony Brown – Non-Executive Director  
Mr Sol Majteles - Non-Executive Director

**Home Stock Exchange**

Australian Securities Exchange Limited  
Level 40  
Central Park  
152-158 St George's Terrace  
PERTH WA 6000  
  
ASX Code:  
SCT (Ordinary Shares)

**Company Secretary**

Mr Stuart Usher

**Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

**Registered Office - Australia**

Suite 1, GF, 437 Roberts Road  
SUBIACO WA 6008

**Bankers**

Westpac Banking Corporation  
130 Rokeby Road  
SUBIACO WA 6008

**Registered Office – United States**

210 North Racine Avenue  
Unit 3S, Chicago, IL 60607  
United States of America

**Share Registry**

Link Market Services  
Central park  
Level 4, 152 St Georges Terrace  
PERTH WA 6000

**Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

## PRINCIPAL ACTIVITIES

### SUMMARY OF OPERATIONS

#### Review of Operations

Scout Security Limited listed on the Australian Securities Exchange (ASX) on 25 August 2017 following a successful Initial Public Offer which raised \$5 million. The Company was founded in Chicago, USA in 2013 and built a strong base of recurring subscription revenue, with incredible potential for future growth.

Scout Security sells the Scout Alarm – a “smart” wireless home security system that can be self-installed – into the US home security market which is estimated to be worth US\$23 billion. The system uses the “Internet of Things” (IoT) and its early success validates that it is providing a solution to a problem that people will pay for - security.

#### Results

For the year ended June 30, 2018, the Company incurred a net loss from continuing operations of AUD\$4,056,214, and a net cash outflow from operating activities of AUD\$5,479,482. The Company may need to raise additional capital and/or negotiate extended terms with key creditors in order to meet working capital requirements and to execute its near term and medium term plans for expansion of its product portfolio in the event that sufficient revenue is not generated in the normal course of business.

Management believes that there are sufficient funds available to continue to meet the Company’s working capital requirements as of the date of this report. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds will be available to finance the operations of the Company for the following reasons:

- Introduction of new products that are expected to generate additional hardware revenue and recurring revenue from associated services;
- A new partner deal was signed for an amount of AUD\$408,000, with payment received shortly after year-end;
- The Company expects to receive AUD\$162,000 from a Zego purchase order for 1000 smart home security hubs;
- The Company expects to receive a further purchase order from Zego of the same magnitude in the current quarter;
- Cash receipts from normal operations are expected to match or exceed last quarter. Cash receipts for the previous quarter were AUD\$602,000;
- The Company has expressed that it has progressed discussions with lenders regarding a credit facility to support inventory ordering;
- The Company’s track record of selling home security systems and related services over the past 4 years in the United States (US) market.

Scout’s operating method at times depends on bulk outlays of cash for inventory, which returns to the Company in the form of hardware sales, plus margin. Because of this, cash outflows may appear high in one quarter while cash inflows from sales follows in the next quarter. As this continues, each new subscriber adds to Scout’s growing total of high-margin recurring revenue.

Scout is progressing on its path to generating positive cash flow from operating activities, having kept staff and administration costs flat quarter-on-quarter throughout 2018 as the business gained scale.

## **Sales**

Scout's sales gained momentum during the year, reporting strong sales in December that flowed into the start of the 2018 calendar year, adding recurring monthly revenue at an increased rate from each month from January.

Sales continued to gain momentum as the Company maintained full stock levels and actively advertised through digital marketing channels.

Sales mix continued to shift towards monitoring services which yield high-margin recurring monthly revenue (RMR), which represented more than half of Scout's overall book of business in each month of the March quarter.

Smart lock integrations and integration of the 1080p HD camera expanded Scout's product offering and is expected to encourage customer adoption and retention, while boosting average revenue per user (ARPU) over time.

## **Partnerships and Sales Channels**

### **Amazon**

Scout is an Amazon portfolio company, an official integration partner of Amazon Alexa, a user of Amazon AWS, Amazon AMS and a vendor on the Amazon marketplace. Amazon is a top 10 shareholder in Scout and a key distribution partner.

Scout systems are sold through the Amazon marketplace. Funds from Scout's IPO allowed it to restock its products sold through Amazon in the December quarter and commenced marketing on the Amazon AMS platform, the equivalent of Google's pay-per-click platform within the Amazon marketplace.

### **Stanley Black & Decker**

Post year-end, in August 2018, Scout announced it had signed a partnership deal with Stanley Black & Decker, Inc to licence Scout's home security platform and hardware suite.

Stanley Black & Decker has been in business for 175 years and is the 2nd largest provider of security services globally.

Stanley Black & Decker's business units operating in the security industry provide solutions for residential, commercial, alarm dealer and monitoring centre customers, segments in which Scout has spent the past five years targeting opportunities and developing a robust product set built on its DIY software platform. The companies have identified several short-term and long-term potential applications of the Scout platform to augment SBD's customer solutions.

The Company expects this partnership to start materially contributing to Scout revenue starting in the March 2019 quarter.

### **Zego (formerly CasalQ)**

In October 2017, Scout announced a sales partnership with Zego (formerly CasalQ Inc), a company which provides smart home device and service packages to tenants and managers of multifamily dwellings (apartment blocks). This market in the US is estimated at nearly 19 million units.

Zego's packages act as a bridge into the connected home for renters and help owners and managers to differentiate their properties when acquiring and retaining tenants. Its initial package includes a base of smart home devices on top of which it is able to layer a range of security sensors and value-added services.

The partnership allowed Scout to fast-track its market penetration into the multifamily channel.

Under the partnership, Scout licensed its platform to power the Zego hub, allowing Zego to offer Scout's home security devices and monitoring service with the aim of increasing Scout's recurring monthly revenue.

To the end of FY18, Zego had ordered more than 3,000 Scout hubs and remained one of the Company's key resale partners. An additional 1,000 unit order was received shortly after year end. It is on track to order between 5,000 and 10,000 Scout systems in the 12 months to October 2018.

### **COPS Monitoring**

In November, Scout announced the signing of a resale deal with COPS Monitoring to resell Scout's DIY product suite to its network of 3,500 alarm dealers.

COPS is the largest independent security monitoring centre in the USA, founded in 1978 with more than 2.4 million home security accounts under management. Scout had already worked with COPS for four years, providing monitoring for COPS' direct-to-consumer offering.

This agreement will see Scout gain access to consumers who may prefer to buy through a local, trusted dealer and significantly shortened its sales cycle, accelerating its time-to-market, leveraging on COPS' dealer relationships.

### **ASSA ABLOY**

In the December quarter, Scout announced an integration with ASSA ABLOY's Yale Smart Living line of connected smartlocks. These locks provide users with the ability to lock and unlock home doors remotely and offer the ability to synchronise door lock and unlocking with Scout security modes.

Scout customers can integrate Yale Smart Living locks with Scout's direct-to-consumer packages as well as its white label suite of products. Scout also commenced selling the smart lock through its website.

### **Hanover Insurance**

In September 2017, Scout announced it had signed a deal with Hanover Insurance Group Inc., a top 25 US insurance provider and one of the oldest continuously running insurance companies in the US.

Under the agreement, Hanover sells Scout's home security kits to its customers and employees as part of its "Partners in Protection" program. The program seeks to reduce claims from property loss and also analyses data from connected devices with the goal of increasing Hanover's ability to more effectively price its customers' insurance premiums.

Hanover has an engaged and growing customer base of more than 2 million home and business policy holders, and nearly 5,000 employees.

### **Sales through Alarm Dealers**

Scout developed a DIY security solution and product suite that could be customised by regional alarm dealers for sale into local markets.

It launched this in November, targeting the network of 13,000 alarm dealers in the US, a market worth more than US\$23 billion per year.

The DIY product suite combined Scout's proprietary platform with third-party hardware functionally similar to Scout's direct-to-consumer offering, allowing alarm dealers to sell Scout's product suite and use their own branding on the hardware and software for a fee, or using an alternate brand from Scout.

The Company engaged with dealers and monitoring centres in the December quarter, ahead of exhibiting at the international security conference, ISC West, in Las Vegas in April 2018 and continues to have discussions with new dealers about adopting and selling the platform.

## **Brick and mortar retail**

In the December quarter, Scout announced a deal with retail growth consultant Scale2Shelf to accelerate placement of Scout's self-installed home security products into the bricks and mortar retail channel.

Scale2Shelf is party of the Sprosty Network, formed by a team of highly experienced former senior merchant executives who have built multi-billion-dollar retail categories through strong relationships and potential sales representation into brick and mortar retailers in the US.

Bricks and mortar retail accounts for nearly 90% of retail sales in the US, or about US\$4 trillion a year. The top 10 US retailers, apart from Amazon where Scout has an existing sales presence, are primarily physical retail chains.

Scale2Shelf is helping Scout secure placement into brick and mortar retailers in the US, working with executives with experience at Scout's target retailers including Walmart, Best Buy, Home Depot, Target and Costco.

Scout established a targeted list of retailers and worked with Scale2Shelf on mapping Scout products for retailer-specific assortments.

## ***Product Development***

Scout's system is increasingly robust and integrates with all key connected home ecosystems including Amazon Alexa, Google Home, Nest, Samsung SmartThings, IFTTT and Phillips Hue.

During the September quarter, Scout worked to expand system capabilities and move new integrations closer to production. New features and capabilities serve the dual purpose of expanding functionality to attract new customers and allow Scout to enter new sales channels via partnerships.

In November, Scout announced the launch of a DIY security solution and product suite to target the network of 13,000 alarm dealers in the US, a market worth more than US\$23 billion per year.

The new product suite combined Scout's proprietary technology platform with third-party hardware that is functionally similar to Scout's direct-to-consumer offering, allowing dealers to offer a DIY security product that provides flexibility on branding and pricing of the hardware and security services applicable to their local markets. Dealers can sell Scout's new product suite and avoid channel conflict with Scout's direct-to-consumer offering.

Scout sells both the hardware and software to dealers, offering branded merchandise or a white label product so dealers can choose their own branding for a fee.

During the year, Scout confirmed plans to launch its high definition 1080p Scout camera into the market. The camera's key features include:

- High definition 1080p video
- Two-way audio
- Built-in infrared for night vision
- Sleek, modern design
- Wireless lithium ion battery power.

The camera provides consumers with verified video, making Scout the first DIY home security company to offer this feature. Consumers can opt in for this feature, which allows Scout's monitoring centre to verify an event for the police through video camera footage. A verified event, as opposed to an unverified event, results in an immediate

and highly prioritised police response. It also reduces false alarms to minimise costs for customers, Scout, the Company's professional monitoring centre and local police departments. The Scout Camera also expands the Company's addressable market to target the 63% of US customers who want a network-connected camera as part of their smart home security service.

Scout launched its camera line at the end of June 2018, initially marketing it to existing Scout customers before making it available more widely as an add-on to its modular Scout Alarm system and via the Amazon store.

### ***Recognition***

Early in the year, Scout received positive trade press, with *A Secure Life* voting it "Best Designed" and a "Top 10 Overall Security System" while *SecurityGem* named it the Number 1 Best No Contract Home Security System.

During April, Scout was named the Best Overall DIY Home Security System of 2018 by leading reviews website TopTenReviews.com. In winning the award, Scout's system rated highest across categories including Security & Monitoring, Set-Up & Equipment, Add-On Equipment and Warranty & Support, with an overall rating of 9.2 points out of 10 points.

### ***Trade Shows and Exhibitions***

During the year, the Company participated in several large events to showcase its technology including:

- 2018 International Consumer Electronics Show, Las Vegas
- 2018 ISC West security trade fair and conference, Las Vegas.

## **CORPORATE**

### ***Share Placements***

In December, Scout completed a \$1.675 million oversubscribed share placement of 5,583,334 shares to sophisticated and institutional investors at \$0.30 per share. The Company received overwhelming demand from new institutional investors, as well as many existing shareholders, leading it to increase its original target by accepting oversubscriptions.

Funds from the placement supported investment in Scout's hardware and expedited the inclusion of the HD camera into Scout's home security product suite.

### ***Inventory Financing***

Scout progressed discussions with lenders regarding a credit facility to support inventory ordering on a move-forward basis, hosting meetings with multiple lenders in March and April at its headquarters in Chicago. Those discussions are ongoing.

**SCOUT SECURITY LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 AUD \$	30 June 2017 AUD \$
Revenue		1,893,009	1,728,415
Cost of sales		(1,522,843)	(1,554,953)
Gross profit		370,166	173,462
Other income		622,752	453,508
Consulting & professional fees		(1,062,855)	(815,177)
Depreciation and amortisation expense		(6,552)	(6,986)
Employee expenses		(1,547,471)	(1,261,016)
Listing fee expense on acquisition of Scout USA		(696,000)	-
Rental costs		(76,848)	(60,853)
Share based payments		(654,000)	-
Information technology costs		(162,499)	(108,974)
Research & development		-	(492,513)
Sales and marketing		(440,425)	(71,483)
Shipping and postage		(28,961)	(76,353)
Travel and entertainment		(86,600)	(44,172)
Other expenses		(286,921)	(112,693)
Loss before income tax expense		(4,056,214)	(2,423,250)
<b>Loss for the year</b>		<b>(4,056,214)</b>	<b>(2,423,250)</b>
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign currency translation (net of tax)		(44,539)	95,436
<b>Total comprehensive loss for the period net of tax</b>		<b>(4,100,753)</b>	<b>(2,327,814)</b>
Basic and diluted loss per share (cents)		(2.3)	(13.7)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

**SCOUT SECURITY LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2018

	Notes	30 June 2018 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		269,616	35,509
Inventory		878,441	252,773
Prepayments – Inventory Orders		687,499	-
Trade Receivables		7,996	-
Other current assets		31,724	28,700
<b>TOTAL CURRENT ASSETS</b>		<b>1,875,276</b>	<b>316,982</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		59,519	122,885
Goodwill		270,599	260,010
<b>TOTAL NON-CURRENT ASSETS</b>		<b>330,118</b>	<b>382,895</b>
<b>TOTAL ASSETS</b>		<b>2,205,394</b>	<b>699,877</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2	1,507,065	3,031,543
Loans		-	84,638
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,507,065</b>	<b>3,116,181</b>
<b>TOTAL LIABILITIES</b>		<b>1,507,065</b>	<b>3,116,181</b>
<b>NET ASSETS/(DEFICIENCY)</b>		<b>698,329</b>	<b>(2,416,304)</b>
<b>EQUITY</b>			
Issued capital		9,123,808	5,199,010
Reserves		3,341,486	95,437
Accumulated losses		(11,766,965)	(7,710,751)
<b>TOTAL EQUITY</b>		<b>698,329</b>	<b>(2,416,304)</b>

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

**SCOUT SECURITY LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018	30 June 2017
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,885,013	2,276,561
Payments to suppliers and employees	(7,367,807)	(2,855,463)
Interest received	3,312	-
Net cash used for operating activities	(5,479,482)	(578,902)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(101,113)
Net cash used in investing activities	-	(101,113)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	6,610,500	347,746
Share issue costs	(812,273)	-
Interest paid	-	(28,205)
Loans from related parties	-	74,762
Repayment of borrowings	(84,638)	(33,089)
Net cash provided by financing activities	5,713,589	361,214
<b>Net increase/(decrease) in cash and cash equivalents held</b>	234,107	(318,801)
Cash and cash equivalents at the beginning of period	35,509	355,005
Exchange rate changes on the balance of cash held in foreign currencies	-	(695)
<b>Cash and cash equivalents at the end of period</b>	269,616	35,509

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

SCOUT SECURITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total \$
Balance as at 1 July 2017	5,199,010	(7,710,751)	-	95,437	(2,416,304)
<i>Total Comprehensive Income</i>					
Loss for the period	-	(4,056,214)	-	-	(4,056,214)
Foreign currency translation differences	-	-	-	(44,539)	(44,539)
<b>Total comprehensive loss for the period</b>	-	(4,056,214)	-	(44,539)	(4,100,753)
Transactions with owners in their capacity as owners:					
Issue of shares net of costs	3,924,798	-	-	-	3,924,798
Share based payments	-	-	3,290,597	-	3,290,597
<b>Balance as at 30 June 2018</b>	<b>9,123,799</b>	<b>(11,766,965)</b>	<b>3,290,597</b>	<b>50,898</b>	<b>698,329</b>
	Issued capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total \$
Balance as at 1 July 2016	4,847,204	(5,287,501)	-	-	(440,296)
<i>Total Comprehensive Income</i>					
Loss for the period	-	(2,423,250)	-	-	(2,423,250)
Foreign currency translation differences	-	-	-	95,436	95,436
<b>Total comprehensive loss for the period</b>	-	(2,423,250)	-	95,436	(2,327,814)
Transactions with owners in their capacity as owners:					
Issue of share capital net of costs	351,806	-	-	-	351,806
<b>Balance as at 30 June 2017</b>	<b>5,199,010</b>	<b>(7,710,751)</b>	-	<b>95,436</b>	<b>(2,416,304)</b>

**SCOUT SECURITY LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

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**1. ACCOUNTING POLICIES**

**Basis of Preparation**

This general purpose condensed financial report for the year ended 30 June 2018 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

Scout Security Limited (the "Company") is a company domiciled in Australia. The consolidated preliminary financial report of the Company as at 30 June 2018 comprises the Company and its subsidiaries (collectively referred to as the "Group").

The financial information in this report does not include all the notes of the type normally included within the annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

Therefore it is recommended that this report should be read in conjunction with the annual financial reports for the year ended 30 June 2018, when it becomes available, and be considered together with any public announcements made by Scout Security Limited during the year ended 30 June 2018 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Capital reorganisation**

On 22 August 2017 Scout Security Limited, the legal parent entity merged with Scout Security Inc. (Scout). This was in accordance with a binding heads of agreement dated 12 December 2016 (and amended and restated by the Deed of Amendment and Restatement dated 27 February 2017), pursuant to which the Company acquired Scout Security Inc. by way of a merger. The shareholders of Scout Security Limited was incorporated by the same shareholders of Scout for the purpose of merger and future capital raising.

Under the terms of the agreement, Scout Security Limited issued 69,900,000 Ordinary fully paid shares to the shareholders of Scout Security Inc., and 36,000,000 Performance Shares to the incoming CEO and Executive Director, Mr Daniel Roberts and Executive Director, Mr David Shapiro.

Completion of the merger was conditional upon the Company undertaking a capital raise and receiving applications for at least \$5,000,000 worth of shares. In accordance with the prospectus dated 23 June 2017 the Company successfully raised \$5,010,500, by the issue of 25,052,500 Ordinary Shares on 22 August 2017. In addition 15,000,000 Capital Raise Options and 6,000,000 Director Options were issued in accordance with the prospectus.

For accounting purposes, Scout USA has been identified as the accounting acquirer. The accompanying consolidated financial statements represent the continuation of Scout USA's financial statements. The consolidated results reflect a full year of Scout USA plus Scout Australia from the date of listing, 22 August 2017 to 30 June 2018. The comparative period results reflect Scout USA only. The capital structure of the legal acquirer (i.e Scout) is adopted in the financial report.

**Comparative figures**

The comparative financial information included in the Company's financial information is that of Scout Security Inc, not the Company. The result of the current period comprises Scout Security Inc for the period 1 July 2017 to 22 August 2017 and the enlarged Group from 22 August 2017 to 30 June 2018. However, the capital structure of the legal acquirer, the Company, is adopted in this financial report.

**SCOUT SECURITY LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2. TRADE AND OTHER PAYABLES**

**Current**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,025,554	1,231,941
Sundry payables and accrued expenses	481,511	1,799,602
Total current payables	<u>1,507,065</u>	<u>3,031,543</u>

**NOTE 3. EVENTS OCCURRING AFTER REPORTING DATE**

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

**NOTE 4. AUDIT STATUS**

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

**NOTE 5. INDEPENDENT AUDIT REPORT LIKELY TO INCLUDE A PARAGRAPH REFERRING TO MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

The above accounts are in the process of being audited, the independent audit report is likely to contain a paragraph referring to material uncertainty related to Going Concern.