



Appendix 4E **Preliminary Final Report**

For the year ended 30 June 2024

1. Reporting Period

Reporting period: ("Current period"): Year ending 30 June 2024
 Previous corresponding period: Year ending 30 June 2023

2. Results for announcement to the market

Revenue from ordinary activities	up	by 3% / \$1.3m	to	\$39,976,512
Profit / (loss) from ordinary activities after tax attributable to members excluding significant items	down	by \$1.48m	to	(\$2,125,468)
Net profit / (loss) for the period attributable to members including significant items	up	\$1.07m	to	(\$812,720)

	Amount per share (cents)	Franked amount per share (cents)
Dividends		
Final: Current Year	–	–
Final: Previous Year	–	–
Interim: Current Year	–	–
Interim: Previous Year	–	–

Overall the company generated:

- underlying EBITDA (before Significant Items and tax) deficit from ordinary activities of \$1.2m (2023: \$0.65m deficit);
- underlying net deficit (before Significant Items and tax) from ordinary activities of \$2.1m (2023: \$1.30m deficit);
- a net loss attributable to members of \$0.81m (2023: \$1.88m loss).

The Board's intentions for declaring a dividend subsequent to 30 June 2024 are subject to assessments of the most effective available capital management and business opportunities.

3. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2024 \$'000	30 June 2023 \$'000
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other Income		
Interest	4	–
Overheads	4	–
Overhead, administration and other expenses	(565)	(508)
Employee expenses & benefits	(15)	–
	(580)	(508)
	(576)	(508)
Finance Expenses	(78)	(56)
	(78)	(56)
	(654)	(564)
Significant items		
Legal settlement	–	110
Gain on sale of Security business	3,026	–
Share based payments expense	–	(171)
Expensing of value of Traffic contracts acquired	(1,677)	(1,218)
	1,349	(1,279)
Profit (loss) before tax	695	(1,843)
Income tax expense	17	690
	712	(1,153)
Loss on Discontinued Security Operations	(1,019)	(479)
Loss on Traffic Operations Held for Sale	(505)	(248)
Total comprehensive profit for the year attributable to members of the Company.	(812)	(1,879)

4. Condensed Consolidated Statement of Financial Position

	30 June 2024 \$'000	30 June 2023 \$'000
Current Assets		
Cash and cash equivalents	712	1,847
Trade and other receivables	–	4,997
Inventory	–	359
Assets Held for Sale – Traffic Business	3,978	–
	4,690	7,203
Non-Current Assets		
Plant and equipment	1	1,653
Right of Use Assets: vehicle operating leases	–	90
Right of Use assets: leased property	–	103
Intangibles	242	1,993
Restricted Cash	–	222
	243	4,062
Total Assets	4,934	11,265
Current Liabilities		
Trade and other payables	1,157	3,810
Financial liabilities: bank loan	–	318
Financial liabilities: Invoice Finance	–	1,369
Income Tax	(60)	(251)
Provisions	97	2,154
Financial liabilities: AASB 16 Leases	–	49
Financial liabilities: motor vehicle	–	30
Liabilities held for Sale – Traffic Business	2,212	–
	3,406	7,479
Non-Current Liabilities		
Financial liabilities: bank loan	–	1,094
Provisions	–	208
Financial liabilities: AASB 16 Leases	–	77
Financial liabilities: motor vehicle	–	62
	–	1,441
Total Liabilities	3,406	8,920
Net Assets	1,528	2,345
Equity		
Issued capital (Note 6)	18,394	18,400
Other reserves (Note 6)	3,005	3,005
Accumulated losses (Note 8)	(19,871)	(19,060)
	1,528	2,345

5. Condensed Consolidated Statement of Cashflows

	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities		
Receipts from customers	43,254	41,787
Payments to employees, suppliers and directors	(41,430)	(39,839)
Payments for BAS	(1,756)	(2,857)
Income tax paid	(89)	(213)
Net cash provided by operating activities	(21)	(1,122)
Cash flows from investing activities		
Business Asset (Acquisition)/Sale	1,682	(3,138)
Security for Bank Guarantees	200	(20)
Interest received	16	14
Interest paid	(242)	(145)
Proceeds from Sale of Fixed Assets	32	-
Payment for plant & equipment	(447)	(340)
Cash position assumed by buyer of Security business	24	-
Net cash (used in) investing activities	1,265	(3,629)
Cash flows from financing activities		
Finance Lease - motor vehicle	(29)	(43)
AASB 16 Leases - (Note 13)	(43)	(42)
Share Issue: Option exercised	-	20
Share Buyback	(6)	(10)
Bank finance: Invoice Finance	(1,159)	1,369
Bank finance: Acquisition loan (net)	-	1,338
Bank finance: Vehicle loan (net)	336	252
Bank finance: Repayments	(1,238)	(178)
Net cash (used in) financing activities	(2,139)	2,706
Net increase / (decrease) in cash and cash equivalents	(895)	2,045
Cash / cash equivalents at beginning of financial year	1,847	3,892
Cash / cash equivalents at end of financial year	952	1,847

6. Securities on Issue

The Company had the following securities on issue at the date of this report:

	Number
Ordinary shares	
Shares 1 July 2023	198,417,939
Issued during the year: Exercise of Performance Rights	–
Issued during the year: Option Exercised	–
Bought back and cancelled	(318,287)
On issue at date of this report	198,099,652
Quoted options	
Options Issued	–
On issue at date of this report	–
Unquoted options	
Options at 1 July 2023	16,296,293
Converted to ordinary shares	–
Lapsed unexercised	–
Issued	–
On issue at date of this report	16,296,293
Performance Rights	
Performance Rights at 1 July 2023	–
Converted during the year	–
On issue at date of this report	–

Ordinary shares Dividend Reinvestment Plan (DRP)

During the Reporting Period no shares were issued pursuant to the DRP.

Ordinary share buyback and cancellation

During the Period there was an on-market share buyback at 318,287 shares at 2 cents (total consideration \$6,366) under the program approved by shareholders.

Quoted options

No quoted options were issued, exercised or expired during the Reporting Period.

During the previous corresponding period 9,000,000 6 cent 2025 options and 4,296,523 long dated options were issued as directors incentives, and 3,000,000 6 cent 2025 options issued as a staff incentive. None were exercised during the Reporting Period or the previous corresponding period.

Profit Reserve

A meeting of the Board of Directors in a previous period resolved that the net profit of the Company for the 2022 reporting period is not offset against Accumulated Losses but is appropriated to a 2022 Profit Reserve. These profits are not otherwise made unavailable for distribution as a dividend.

		30 June 2024 \$'000	30 June 2023 \$'000
Share option and Performance Rights Reserve	At beginning of year	384	288
	Options/Performance Rights Converted	–	(75)
	Options/Performance Rights Expended	–	171
		384	384
Profit Reserve	At beginning of year	2,621	2,621
	Net profit attributable to members	–	–
		2,621	2,621
		3,005	3,005

7. Dividend reinvestment plan

A dividend reinvestment plan is in place.

8. Accumulated losses

	30 June 2024 \$'000	30 June 2023 \$'000
Accumulated (losses) at beginning of financial year	(19,060)	(17,181)
Net loss attributable to members	(812)	(1,879)
Accumulated (losses) at end of financial year	(19,871)	(19,060)

9. Net tangible assets

	30 June 2024 Cents	30 June 2023 Cents
Net tangible asset backing per ordinary share	0.5	0.5

10. Details of entities over which control has been gained or lost during the period

During the previous corresponding period the Company acquired 100% of the share capital of Highways Traffic Pty Ltd effective on 16 October 2022.

During the Reporting Period, and as announced on 2 February 2024, the Company entered into a conditional agreement to sell its 100% interest in the Security Business subsidiary for a cash consideration of \$3m on a \$nil net asset basis. The Company's decision to undertake the sale was made after thorough and diligent evaluation from the Board of Directors as to the merits of the sale or retention of the business, with the Company's primary aim being to preserve value for its shareholders. The Company entered into a Heads of Agreement with Vibrant Services Pty Ltd, subject to execution of a Share Sale Agreement to be negotiated in good faith and subject to approval by Company shareholders. A General meeting of the Company's shareholders on 29th April 2024 voted to approve the sale and, as announced on 13 May 2024, a Share Sale Agreement was executed. Settlement occurred effective 19th June 2024. Consistent with the methodology outlined in Schedule 2 Pro Forma Balance Sheet to the Notice of General Meeting issued on 28th March 2024:

- The net proceeds of sale totalled \$1.68m having regard to a draft net liability position of the Security Business subsidiary of \$1.32m (subject to subsequent finalization of Completion Accounts effective 19th June 2024, which is in progress), and
- The Company utilized \$0.9m of the above proceeds to repay in full the Nab corporate loan utilized to part-fund the October 2022 acquisition of the Traffic Business.

11. Details of associates and joint venture entities

Not applicable.

12. Any other significant information

The Company has received interest from a number of third parties in acquiring the Company's Traffic Business subsidiary. Interest is at an initial stage only, and the Company does not have clarity as to whether acceptable formal offers will be made. Having regard to accounting standards, the Financial Statements disclose the results, assets and liabilities of the Traffic Business subsidiary as 'Available for Sale'.

The Company received interest during the Reporting Period from a third party interested in a potential transaction comprising a restructure of the Company, including an acquisition of an unrelated third party, and re-compliance with chapters 1 and 2 of the ASX Listing Rules. The Company signed a Memorandum of Understanding ("MOU") dated 10th May 2024 which set out preliminary steps to progress negotiations. The MOU did not contain any material terms of the potential acquisition or potential subsequent re-compliance. On 19 July 2024 the Company entered into a Non Binding Term Sheet with the unrelated third party which sets out base terms with respect to a potential restructure and re-compliance with Chapters 1 and 2 of the ASX Listing Rules, including an acquisition. At the date of this report the matter is still considered an incomplete proposal / negotiation.

13. Accounting Standards

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Group applies AASB 16 – Leases.

The Group reviewed all the Group's arrangements to identify leases. To the date of sale of the Security Business, the Group continued to lease its office premises and four operational site vehicles under operating leases. The Group currently has no other material operating leases and does not act as a lessor.

The impacts of AASB 16 on the Group's financial statements in the Reporting Period included:

- the carrying of Right of Use assets and lease liabilities in the Statement of Financial Position
- the rental charge for the Security Business office premises of \$55,548 being classified as payment of the lease liability and interest thereon. The Right of Use Asset was depreciated by \$42,000 and an interest charge of \$12,915 has been recognised in Profit or Loss, with a resulting effect on EBITDA calculations for users of the financial report; and giving rise to a reduction in reported net profitability of some \$633;
- the operating lease rental charges for the operational site vehicles were treated similarly.
- repayment of the principal portion of the lease liabilities were classified as cashflow from financing activities rather than as cashflow from operating activities.

14. Results for the period

	30 June 2024 cents	30 June 2023 cents
Basic earnings per ordinary share	(0.41)	(0.96)
Diluted earnings per ordinary share	(0.41)	(0.96)
Weighted Average number of ordinary shares used in the calculation of diluted EPS	198,691,100	195,849,641

15. Return to shareholders

- 400,000 shares were bought back at 2.5 cents in the previous reporting period.
- 318,287 shares were bought back at 2.0 cents, totalling \$6,366, in the Reporting Period.

16. Significant features of operating performance

During the Reporting Period the Company:

Security Operational

- lodged a number of tenders for new work
- continued to enhance its management processes having regard to its ISO 9001 (Quality), AS4801 and OHSAS 18001 (Health & Safety) and ISO 14001 (Environmental Management) certified processes.

Traffic Operational

- lodged a number of tenders for new work
- identified opportunities for operational efficiencies and profit improvements.

Corporate

- Subsequent to the Reporting Period Mr Paul Simmons accepted a role with Vibrant Services Pty Ltd, buyer of the Security Business subsidiary, and resigned as CEO of the Company. Mr Simmons continues as a non-executive director of the Company.

17. Segment results

All revenue earned during the year, and all non-cash assets included in the Statement of Financial Position at the year end, relate to the Traffic Business and Security Business as based in Australia.

2024	Security \$'000	Traffic \$'000	Corporate \$'000	Total \$'000
Revenue	29,266	10,723	4	39,993
Gross Profit	3,585	1,861	4	5,450
Overheads	(4,283)	(1,791)	(580)	(6,654)
	(698)	70	(576)	(1,203)
Depreciation	(218)	(476)	-	(694)
Finance	(103)	(60)	(78)	(242)
Net operating loss before tax and significant items	(1,019)	(466)	(654)	(2,139)

2023	Security \$'000	Traffic \$'000	Corporate \$'000	Total \$'000
Revenue	31,729	6,940	-	38,669
Gross Profit	4,390	1,091	-	5,481
Overheads	(4,549)	(1,049)	(509)	(6,108)
	(159)	42	(509)	(627)
Depreciation	(243)	(257)	-	(500)
Finance	(77)	(12)	(56)	(145)
Net operating loss before tax and significant items	(479)	(227)	(565)	(1,272)

18. Trends in results

The upward trend in Revenue during the Reporting Period reflected:

- the net effect of new and expiring Security Business and Traffic Business client contracts;
- a full year of revenue from the Traffic Business bought effective 16th October 2022

Operational overheads increased due a full year of overheads of the Traffic Business acquired in October 2022 but benefitted from decreased head office staffing headcount and continuing downward trend in the Workers Compensation insurance costs relative to wage costs, a function of trend in reduced incidents and enhanced management of the Return to Work process.

The Income Tax expense benefitted from utilisation of carry-forward tax losses that have satisfied the requisite loss utilisation tests.

19. This Report is based on accounts to which the following applies

The accounts are in the process of being audited.

20. Description of any likely audit dispute or qualification

None.

Signed in accordance with a resolution of the directors.



The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman

Dated this 30th day of August 2024