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SCOUT SECURITY LIMITED

ACN 615 321 189

Annual Report
Scout Security Limited
For the period from incorporation to 30 June 2017

CORPORATE DIRECTORY

Directors

Mr John Strong – Non-Executive Chairman
(Appointed 22 August 2017)
Mr Daniel Roberts – Chief Executive Director
(Appointed 22 August 2017)
Mr David Shapiro –Executive Director
(Appointed 22 August 2017)
Mr Anthony Brown – Non-Executive Director
(Appointed 22 August 2017)
Mr Sol Majteles - Non-Executive Director
(Appointed 22 August 2017)

Mr Ananda Kathiravelu - Non-Executive Director
(Resigned 22 August 2017)
Mr John Moore - Non-Executive Director
(Resigned 22 August 2017)
Mr Michael Shaw-Taylor - Non-Executive Director
(Resigned 22 August 2017)

Company Secretary

Mr Stuart Usher

Registered Office - Australia

Unit 7, 151 Macquarie Street
SYDNEY NSW 2000

Registered Office – United States

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

Solicitors

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

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)

Auditor

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

Bankers

Westpac Banking Corporation
130 Rokeby Road
SUBIACO WA 6008

Share Registry

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

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The Director's present their report, together with the financial report of Scout Security Limited for the period from incorporation of 13 October 2016 to 30 June 2017 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors
The names of the directors in office at any time during or since the end of the period are:

Ananda Kathiravelu – the director was in office for the entire period.
John Moore – the director was in office for this entire period.
Michael Shaw-Taylor – the director was in office for this entire period.

Particulars of each director's experience and qualifications are set out later in this report.

Principal activity

The principal activity of the company during the financial period was to acquire Scout Security Inc. (a Delaware C Corporation), which engages in the business of offering and managing home security products. The Company had entered into a binding heads of agreement (HOA) with the majority stockholders of Scout Security Inc. to acquire 100% of the issued capital of Scout. This occurred on 22 August 2017 on the satisfaction of all conditions precedent in accordance with the HOA.

Financial results
The financial results of the Company from incorporation to 30 June 2017 are:

	30 June 2017
Cash and cash equivalents ($)	160,579
Net assets ($)	(5,685)
Total revenue ($)	316
Net loss after tax ($)	(695,686)

Review of operations
The Company continued to engage in its principal activity, the results of which are disclosed in the following financial statements.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the period, the Company incurred a net loss of AUD $695,686 and experienced net cash outflows from operations of AUD$529,223 and net cash inflows from investing activities of AUD $689,802 for the period ended 30 June 2017. As disclosed in Note 16, the Company had entered into a binding heads of agreement (HOA) with the majority stockholders of Scout Security Inc. to acquire 100% of the issued capital of Scout. The completion of the acquisition was subject to the Company successfully raising funds through the Initial Public Offering (IPO) and the Company's admission to the ASX listing. This occurred on 22 August 2017 on the satisfaction of all conditions precedent in accordance with the HOA. Subsequent to year end AUD $5 million IPO funds have been raised and the Company listed on the ASX on 25 August 2017.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial period.

After balance date events

Merger with Scout Security Inc.

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.

Scout is a United States (Delaware) company that was formed on 1 May 2013 for the primary purpose of developing a self-installed, wireless home security system that is more modern, open and affordable. Scout aims to be the go-to experience for protected and connected home security and related services customised for the home.

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.

On 23 August 2017, having accepted the resignations of Mr Ananda Kathiravelu, John Moore and Michael Shaw-Taylor as directors of the Company, and having received the consent to act, the appointment of Mr Daniel Roberts, Mr David Shapiro, Mr Sol Majteles, Mr Anthony Brown and Mr John Strong as directors of the Company.

Having satisfied all the conditions precedent in the HOA, the Company was listed on the ASX on 25 August 2017.

Likely developments and expected results of operation

Having successfully completed the IPO and settlement of the Scout Security Inc. acquisition, the Company will proceed with the commercial strategy for Scout Security.

Environmental regulation
The Company's operations up to 30 June 2017 are not regulated by any significant environmental regulation laws.

Dividends paid, recommended and declared
No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Indemnification and insurance of officers

The Company has paid premiums to insure each of the following current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

The Company has not given any further indemnity or entered into any other agreements to indemnify, or pay or agreed to pay insurance premiums.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Information Relating to Directors and Company Secretary

Ananda Kathiravelu	Director (Non-executive)
Qualifications and Experience	B.Bus, Grad Dip Applied Finance & Investment Mr Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd), Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.
Interest in Shares	822,083
Special Responsibilities	None
Directorships held in other listed entities during the three years prior to the current year	**Current** Promesa Limited (Executive Director) Weebit Nano Ltd (Non-Executive Director)

Michael Shaw-Taylor	Director (Non-executive)
Qualifications and Experience	B.Bus LLB Mr Shaw-Taylor is an analyst at Armada Capital which is a corporate finance firm providing a variety of transaction execution, capital raising and advisory services to domestic and international businesses. Prior to this position he has worked at various roles as analyst at National Australia Bank and Barclays.
Interest in Shares	862,455
Special Responsibilities	None
Directorships held in other listed entities during the three years prior to the current year	-
John Moore	Director (Non-executive)
Qualifications and Experience	BEcon LLB Mr Moore recently sat on the board of Coronado Resources Ltd before it listed on the ASX as a speciality pharmaceutical business 'Race Oncology Ltd'. He was also a director of Stratum Metals Ltd before it undertook a reverse takeover merger with retail energy company Locality Planning Energy Ltd and sits on the board of iCollege Limited. Previously he spent ten years as a financial advisor for Morgan Stanley in London for 4 years.
Interest in Shares	-
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	**Current** iCollege Limited

COMPANY SECRETARY

Mr Stuart Usher
Qualifications: MBA, BBus, CPA, ACIS
Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

Meetings of Directors

During the financial period, 2 meetings of directors (there were no committees of directors) were held. There were also 3 circular board resolutions. Attendances by each director during the period were as follows

	Number eligible to attend	Number attended
Ananda Kathiravelu	2	2
Michael Shaw-Taylor	2	2
Daniel Moore	2	2

Remuneration Report (Unaudited)

There was no remuneration paid since incorporation to 30 June 2017. This report reflects the Company's remuneration plan from 1 July 2017.

The principles adopted by the Board are set out under the following main headings:

(1) Principles used to determine the nature and amount of remuneration
(2) Details of remuneration
(3) Employment contracts of Directors and Senior Executives
(4) Performance based remuneration
(5) Other transactions with Directors and Key Management Personnel

The information provided under headings 1 to 5 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

(i) competitiveness and reasonableness;
(ii) acceptability to shareholders;
(iii) performance linkage / alignment of executive compensation;
(iv) transparency; and
(v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

(i) focuses on sustained growth in shareholder wealth;
(ii) attracts and retains high calibre executives;
(iii) rewards capability and experience; and
(iv) provides a clear structure for earning rewards.

Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Company. There are no minimum or maximum amounts. There is no remuneration committee. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. There currently is no approved remuneration limit as per the Company's constitution and will be adopted by ordinary resolution of the shareholders at the annual general meeting. The entire board which comprises three directors are responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2017.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The Company was incorporated on 13 October 2016. There have been no previous reporting periods and no remuneration has been paid to 30 June 2017. There is therefore no remuneration which is currently performance related.

Comments and Voting at Annual General Meeting

There has been no annual general meeting of the Company as it was incorporated on 13 October 2016.

2 Details of Remuneration

The key management personnel of the Company, during the period, were:

Directors:	**Position:**	**Date Appointed**	**Date Resigned**
Ananda Kathiravelu	Non-executive Director	13 October 2016	22 August 2017
Michael Shaw-Taylor	Non-executive Director	13 October 2016	22 August 2017
John Daniel Moore	Non-executive director	13 October 2016	22 August 2017

There has been no remuneration paid to any of the key management personnel in the reporting period.

3 Employment contracts of Directors and senior management

There has been no remuneration paid or payable during the period because the Board was working towards the IPO and this is for the benefit of all shareholders.

4 Performance-based Remuneration

There has been no performance based remuneration paid to directors and key management personnel.

Ordinary shareholdings

Details of equity instruments held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2017 **Name**	**Held at** **13/10/2016**	**Shares acquired**	**Other** **changes**	**Balance** **30/6/2017**
Directors:				
Ananda Kathiravelu	1#	62,500	-	62,501
Michael Shaw-Taylor	-	-	-	-
John Daniel Moore	-	-	-	-
Total	**1**	**62,500**	**-**	**62,501**

The Company was incorporated with 1 share on issue.

REMUNERATION REPORT (UNAUDITED)

5 Other Transactions with Directors and Key Management Personnel

Borrowings from directors and key management	**2017**
	$
Unsecured Loan – Director	75,000
	75,000

During the 2017 financial period the Company borrowed funds from a director to meet working capital requirements. No interest was paid in respect of this unsecured loan. The $75,000 loan was from Armada Capital Pty Ltd, a related party of Ananda Kathiravelu.

Mr Ananda Kathiravelu, Director, is a Director of Armada Capital & Equities Pty Ltd. During the period an amount of $80,867 (net of GST) was paid to this business corporate advisory fees in accordance with a mandate as lead manager and corporate advisor dated 27th April 2017.

The following are the fees payable under the agreement;

1. A placing fee of 5% and a 1% management fee on all funds raised, excluding the $2M USD interim raise;
2. AUD$100,000 success fee upon official announcement by the ASX of listing;
3. A monthly retainer of $10,000 per month for 6 months from the date of the agreement;

The agreement contains standard termination provisions under which the Company must give 14 days written notice of termination and the Consultant must give one month's written notice of termination (or shorter period in the event of serious misconduct or a material breach).

Remuneration and other terms of employment for the Executive Chairman is formalised in a service agreement which includes details of remuneration.

End of the unaudited remuneration report.

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Annual Report.

This report is made in accordance with a resolution of the Directors on 29 September 2017

Dan Roberts
Director
29 September 2017

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SCOUT SECURITY LIMITED

As lead auditor of Scout Security Limited for the period ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Scout Security Limited.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

	Note	Incorporation to 30 June 2017 $
Revenues		
Interest Revenue		316
Expenses		
Consulting & professional fees		(152,110)
Acquisition option fee expense		(500,000)
Travel and accommodation		(31,201)
Other expenses		(12,691)
Total expenses		(696,002)
Profit/(loss) before Income Tax		(695,686)
Income tax expense		-
Profit/(loss) after income tax attributable to members of Scout Security Limited		**(695,686)**
Other comprehensive income		-
Total comprehensive profit/(loss) attributable to members of Scout Security Limited		**(695,686)**
Earnings/(loss) per share		**Cents per Share**
Basic Earnings/(loss) per share		(0.38)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

	Note	30 June 2017 $
ASSETS		
Current Assets		
Cash and cash equivalents	4	160,579
Trade and other receivables	5	450,267
Total Current Assets		610,846
Total Assets		610,846
LIABILITIES		
Current Liabilities		
Trade and other payables	6	456,531
Share applications held in trust		160,000
Total Current Liabilities		616,531
Total Liabilities		616,531
Net Assets		**(5,685)**
Equity		
Issued capital	7	690,001
Accumulated losses	8	(695,686)
Total Equity		**(5,685)**

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

	Issued Capital $	Accumulated Losses $	Total Equity $
At 13 October 2016	**-**	**-**	**-**
Total comprehensive loss for the period	-	(695,686)	(695,686)
Transactions with owners in their capacity as owners:			
Issue of share capital	690,001	-	690,001
At 30 June 2017	**690,001**	**(695,686)**	**(5,685)**

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

	Note	Incorporation to 30 June 2017 $
Cash flows from operating activities		
Interest received		316
Option fee payment		(500,000)
Payments to suppliers and employees		(29,539)
Net cash flows used in operating activities	4	(529,223)
Cash flows from financing activities		
Prepaid share application funds received		160,000
Proceeds from issue of shares		690,001
Proceeds of loans		75,000
Loans advanced		(75,434)
Prepayment of IPO costs		(159,765)
Net cash flows provided by financing activities		689,802
Net increase in cash and cash equivalents held		160,579
Add opening cash and cash equivalents brought forward		-
Closing cash and cash equivalents carried forward	4	**160,579**

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These Company's financial statements and notes represent those of Scout Security Limited from the period of incorporation of 13 October 2016 to 30 June 2017.

The financial statements were authorised for issue on 29 September 2017 by the directors of the Company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Comparative information

This report presents the financial information for the period ended 30 June 2017. Given the Company was incorporated on the 13 October 2016 there are no comparatives for this reporting period.

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity's functional currency.

a) Principles of Consolidation

The Company's financial statements incorporate all of the assets, liabilities and results of Scout Security Limited. The assets, liabilities and results are for one entity only being Scout Security Limited.

b) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the period, the Company incurred a net loss of AUD $695,686 and experienced net cash outflows from operations of AUD$529,223 and net cash inflows from financing activities of AUD $689,802 for the period ended 30 June 2017. As disclosed in Note 16, the Company had entered into a binding heads of agreement (HOA) with the majority stockholders of Scout Security Inc. to acquire 100% of the issued capital of Scout. The completion of the acquisition was subject to the Company successfully raising funds through the Initial Public Offering (IPO) and the Company's admission to the ASX listing. This occurred on 22 August 2017 on the satisfaction of all conditions in accordance with the HOA. Subsequent to year end AUD $5 million IPO funds have been raised and the Company listed on the ASX on 25 August 2017.

c) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

e) Trade and other payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

f) Issued Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in a normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

h) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

i) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

j) Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences 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 deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Financial Investments

Recognition

Financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit and loss.

(l) Foreign Currency Translation

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;
(ii) Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at the average exchange rate for the period being reported on; and
(iii) All resulting exchange differences are recognised in the forging currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the foreign currency translation reserve, if material. When a foreign operation is sold the associated exchange differences are reclassified to the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

(m) Trade & other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(n) Acquisition of entities under common control

The Company adopts predecessor accounting for Company reorganisation and common control transactions, where the transaction involves a newly formed entity. Acquiring a single existing entity and the existing entity is not a business. The principles of predecessor accounting are:
i) no assets or liabilities are restated to their fair value;
ii) no goodwill arises; and
iii) incorporate the acquired entity's results and balance sheet as if both entities (acquirer and acquiree) has always been combined.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2017

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the reporting period ended 30 June 2017. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(a) Adoption of New and Revised Accounting Standards

The following AASBs are most relevant to the Company:

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Company does not have operating leases. AASB 16 is expected to have a material impact on the Company's financial report for the next financial period ending 30 June 2018.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI).

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2017 (Continued)

Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Company's financial instruments consist of cash, debtors, investments other debtors and payable as disclosed in Note 9 (Financial Instruments). This standard is expected to have a material impact on the financial report in the 2018 financial period.

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

This standard is may to have an impact on the Company's revenue recognition policies. The Company is currently assessing the impact of this standard.

During the period, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of the transactions of the Company for the financial period ended 30 June 2017.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the aging of receivables historical collection rates and specific knowledge of the individual debtors financial position. There is no impairment loss required to be recognised during the period.

NOTE 4: CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the period

	30-June-17
	$
Cash at bank and in hand	160,579

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

	30-June-17
	AUD $
Net loss after income tax	(695,686)
Changes in assets and liabilities:	
Increase in other receivables	(450,267)
Increase in trade and other payables	616,730
Net cash flows used in operating activities	**(529,223)**

NOTE 5: OTHER RECEIVABLES

	30-June-17
	AUD $
Prepaid IPO expenses	325,337
Other receivables	124,930
	450,267

NOTE 6: TRADE AND OTHER PAYABLES

	30-June-17
	AUD $
Trade creditors	456,531
	456,531

NOTE 7: ISSUED CAPITAL

		30-June-17
		AUD $
5,000,001 fully paid common shares	(a)	690,001

(a) Movements in Common Shares

Date	Details	Number of shares issued	AUD ($)
Balance at incorporation	**Opening balance**	**1**	**1**
	Issue of shares	1,000,000	50,000
	Issue of shares	4,000,000	640,000
30 June 2017	**Closing balance**	**5,000,001**	**690,001**

NOTE 8: ACCUMULATED LOSSES

	30-June-17
	AUD $
Balance at incorporation	-
Loss after income tax expense for the period	(695,686)
Balance at the end of the period	**(695,686)**

NOTE 9: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The Company's activities expose it to a variety of financial risks; market risk (including fair value and interest rate risk), credit risk, liquidity risk, foreign exchange fluctuations, cash flow and interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

NOTE 9: FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Risk

As the Company has no significant interest-bearing assets other than cash at bank, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

2017 Financial Instruments	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $	Weighted average effective interest rate %
Financial assets					
Cash assets	160,579	-	-	160,579	0.6%
Trade and other receivables	-	-	450,267	450,267	
Total financial assets	**160,579**	**-**	**450,267**	**610,846**	

The net fair value of financial assets and liabilities are materially in line with their carrying values.

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result in a change in interest rates.

		Increase 1%		Decrease 1%	
30 June 2017	**Carrying Amount $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Cash and cash equivalents		160	-	(160)	-

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams. The Company's ability to raise equity funding in the market is paramount in this regard. The Company manages liquidity by ensuring that it has at least sufficient cash to meet its budgeted commitments for at least 12 months.

As at 30 June 2017	Less than 6 months $	6-12 months $	1-5 years $	Over 5 years $	Total contractual $	Carrying amount $
Trade and other payables	616,531	-	-	-	616,531	616,531

Credit Risk

The Company has no significant concentrations of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

NOTE 9: FINANCIAL RISK MANAGEMENT (Continued)

Cash at bank	**2017** **$**
Westpac Banking Corporation - AA	160,579

Price Risk

The Company is not exposed to commodity price risk.

Foreign Currency Risk

The Company does not have exposure to foreign currency risk at the end of the reporting period.

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Translation exposures arise from financial and non-financial items held by an entity (for example a subsidiary) with a functional currency different from the Company's presentation currency.

However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in the Statement of Financial Position, the effect on profit or loss of their revaluation under AASB 121 is not fully eliminated.

For the purposes of AASB 7, currency risk does not arise from financial instruments that are non-monetary items. The foreign currency exposure arising from investing in non-monetary financial instruments is reflected in the other price risk disclosures as part of fair value gains and losses.

Fair Value Measurement

(a) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2017	
	Carrying Amount $	Net fair Value $
Financial assets		
Cash and cash equivalents	160,579	160,579
Other receivables - current	450,267	450,267
	610,846	610,846
Financial Liabilities		
Trade and other payables - current	616,531	616,531
	616,531	616,531

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) Quoted prices in active markets for identical assets or liabilities (level 1)
ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Due to their short term nature, the carrying amount of the financial assets and liabilities at balance date is assumed to approximate their fair value.

NOTE 10: SEGMENT INFORMATION

Those charged with governance receive operating results for the Company as a whole, therefore the Company is deemed to be one operating segment.

NOTE 11: INCOME TAX EXPENSE

		2017
		$
a.	**The components of tax expense comprise:**	
	Current tax	-
	Deferred tax	-
		-
b.	**The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to income tax as follows:**	
	Prima facie tax benefit on loss from ordinary activities before income tax at 30%	208,706
	Add tax effect of:	
	Revenue losses not recognised	-
	Other non-allowable items	-
		208,706
	Less tax effect of:	
	Other deferred tax balances not recognised	(208,706)
	Income tax	**-**
c.	**Unrecognised deferred tax assets:**	
	Carry forward revenue losses	208,706
	Carry forward capital losses	-
	Net deferred tax	**208,706**

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation which adversely affect utilising benefits.

NOTE 12: REMUNERATION OF AUDITORS

Assurance Services	**2017**
Audit Services	**$**
Amounts paid/payable to BDO Audit (WA) Pty Ltd (BDO) for audit and review of the financial reports	19,000
Non-Audit Services	
Amounts paid/payable to BDO Audit (Advisory) Pty Ltd (BDO) for work on the IPO	14,670

NOTE 13: Parent Company Information

There is only one company therefore no parent company information is required.

NOTE 14: RELATED PARTY TRANSACTIONS

During the 2017 financial period the Company borrowed funds from a director to meet working capital requirements. No interest was paid in respect of this unsecured loan. The $75,000 loan was from Armada Capital Pty Ltd, a related party of Ananda Kathiravelu.

Mr Ananda Kathiravelu, Director, is a Director of Armada Capital & Equities Pty Ltd. During the period an amount of $80,867 (net of GST) was paid to this business corporate advisory fees in accordance with a mandate as lead manager and corporate advisor dated 27th April 2017.

The following are the fees payable under the agreement;

1. A placing fee of 5% and a 1% management fee on all funds raised, excluding the $2M USD interim raise;
2. AUD$100,000 success fee upon official announcement by the ASX of listing;
3. A monthly retainer of $10,000 per month for 6 months from the date of the agreement;

The agreement contains standard termination provisions under which the Company must give 14 days written notice of termination and the Consultant must give one month's written notice of termination (or shorter period in the event of serious misconduct or a material breach).

The total payments made to directors and key management personnel during the period are set out below:

Services provided by directors and key management personnel and recognised as an expense	**2017 $**
Short term employee benefits	-
Post-employment benefits	-
Share based payments	-
	-

Detailed remuneration disclosures with regard to amounts paid to directors are provided in the audited remuneration report in the directors' report.

NOTE 15: CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities:
The Company had no contingent liabilities as at 30 June 2017.

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

Merger with Scout Security Inc.

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.

Scout is a United States (Delaware) company that was formed on 1 May 2013 for the primary purpose of developing a self-installed, wireless home security system that is more modern, open and affordable. Scout aims to be the go-to experience for protected and connected home security and related services customised for the home.

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.

On 23 August 2017, having accepted the resignations of Mr Ananda Kathiravelu, John Moore and Michael Shaw-Taylor as directors of the Company, and having received the consent to act, the appointment of Mr Daniel Roberts, Mr David Shapiro, Mr Sol Majteles, Mr Anthony Brown and Mr John Strong as directors of the Company.

Having satisfied all the conditions precedent in the HOA, the Company was listed on the ASX on 25 August 2017.

Other than as stated above, there have been no other matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2017, of the Company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2017, of the Company.

NOTE 17: LOSS PER SHARE

Reconciliation of loss from continuing operations:	**2017** **$**
Loss from continuing operations	(695,686)
Loss used to calculate basic EPS from continuing operations	(0.38)

Weighted average number of ordinary shares outstanding during the period	5,000,001

There are currently no dilutive securities on issue and therefore the weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS are the same.

In accordance with a resolution of the directors of Scout Security Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 25, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the period ended on that date of the
    c. Company; and

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; and

3. the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors on 29 September 2017 and is signed on behalf of the Directors by:

Dan Roberts
Director
29 September 2017

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Scout Security Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Scout Security Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Scout Security Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the period ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 29 September 2017

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

SHAREHOLDINGS

The issued capital of the Company at 27 September 2017 is ordinary fully paid shares. All ordinary shares carry one vote per share.

QUOTED SECURITIES

ORDINARY FULLY PAID SHARES AS AT 27 SEPTEMBER 2017

TOP 20 SHAREHOLDERS

		No. of Shares Held	% Held
1	DANIEL B ROBERTS	7,943,397	7.80
2	DAVID SHAPIRO	7,747,861	7.61
3	ALEXANDER GERKO	6,023,997	5.92
4	JOHN B STRONG	4,641,277	4.56
5	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,199,253	4.12
6	CELTIC CAPITAL PTY LTD	2,760,000	2.71
7	AMAZON.COM NV INVESTMENT HOLDINGS LLC	2,731,592	2.68
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,118,164	2.08
9	DEAD KNICK PTY LTD	1,927,246	1.89
10	MONOMATAPA COAL PTY LTD	1,750,000	1.72
11	PLUG & PLAY VENTURE COMPANY LLC	1,604,203	1.58
12	GRAVITY TANK, INC.	1,581,684	1.55
13	BNP PARIBAS NOMINEES PTY LTD	1,566,193	1.54
14	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS	1,450,000	1.42
15	MR JAMES MATTOX	1,447,705	1.42
16	JIMMY KWONG	1,346,752	1.32
17	CHAD SMITH	1,324,944	1.30
18	JARVISBROWN SUPER PTY LTD	1,231,754	1.21
19	LIBERTINE INVESTMENTS PTY LTD	1,160,000	1.14
20	PROPEL HOLDINGS PTY LTD	1,020,000	1.00
		55,576,022	**54.58**

DISTRIBUTION OF SHAREHOLDINGS	No. of Holders	No. of Shares
1 – 1,000	3	3
1,001 – 5,000	19	68,735
5,001 – 10,000	204	2,026,940
10,001 – 100,000	102	4,465,096
100,001 and over	123	95,266,727
	451	**101,827,501**

Number holding less than a marketable parcel is 13

Shareholders by Location	No. of Holders	No. of Shares
Australian holders	368	48,709,337
Overseas holders	68	53,118,164
	436	**101,827,501**

ESCROW SHARES

As at the date of this report the following shares are held in escrow in accordance with ASX requirements of Reinstatement on the ASX on 25 August 2017.

Escrow period	Securities in escrow
Until 8-Feb 2018	750,000 Shares
Until 24-Feb2018	358,502 Shares
Until 25-Aug2019	22,970,529 Shares

VOTING RIGHTS

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

•

SUBSTANTIAL SHAREHOLDERS AS AT 22 SEPTEMBER 2017

DANIEL B ROBERTS	7,943,397
DAVID SHAPIRO	7,747,861
ALEXANDER GERKO	6,023,997

UNQUOTED SECURITIES

OPTIONS

The Company has the following classes of options on issue at 27September 2017 as detailed below. Options do not carry any rights to vote.

Class		Terms	No. of Options
1. Unquoted		Exercisable at 30c expiring 22-Aug-2019	21,000,000

Name	Options	%
Armada Capital & Equities	3,200,000	15.24
Zenix Nominees Pty Ltd	3,000,000	14.29

Escrow period	Securities in escrow
22-Aug-2019	21,000,000

Class		Terms	No. of Options
2. Unquoted	Performance Shares	no voting rights attached, conversion to shares on achievement of performance milestones	36,000,000

Name	Options	%
Dan Roberts	18,000,000	50
David Shapiro	18,000,000	50

Escrow period	Securities in escrow
22-Aug-2019	36,000,000

Scout Security has used the cash and assets in a form readily converted to cash that it had at the time of admission in a way consistent with its objectives. ASXLR4.10.19