THREAT PROTECT

ACN 149 334 118

FINANCIAL REPORT

for the year ended 30 June 2013

CORPORATE DIRECTORY

Current Directors

Demetrios Pynes	*Managing Director*
Paolo (Paul) Ferrara	*Operations Director*

Principal Place of Business

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	Belmont WA 6104		Belmont WA 6984 Australia
Telephone:	1300 THREAT	Facsimile:	+61 (0)8 9322 9711
	1300 847 328		
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

Auditor

Bentleys

Street:	Level 1, 12 Kings Park Road
	West Perth WA 6005
Postal:	PO Box 44
	West Perth WA 6872
Telephone:	+61 0(8) 9226 4500

Corporate Adviser

Wolfstar Group Pty Ltd

Street:	Level 4, 66 Kings Park Road
	West Perth WA 6005
Telephone:	+61 (0)8 6141 3500

SPECIAL PURPOSE FINANCIAL REPORT
30 JUNE 2013

CONTENTS

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2013.

1. DIRECTORS

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

- Demetrios Pynes — Managing Director
- Paolo (Paul) Ferrara — Operations Director

(**the Board**)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. REVIEW OF OPERATIONS

2.1. OPERATING RESULTS

The Group incurred a loss for the year ended 30 June 2013 of $1,033,621 and had earnings before interest, taxation, depreciation, and amortisation of $624,733 loss. The net asset position of the Group has decreased by $1,033,621 from 30 June 2012 to a $1,797,390 net assets deficiency at 30 June 2013.

As at 30 June 2013, the Group had a decrease in cash and cash equivalents from 30 June 2012 of $16,983 to $165,462 and had a working capital deficit of $2,468,917 (30 June 2012: $1,144,930 working capital deficit).

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In addition:

- In May 2015 the Group successfully raised $590,000 from the issue of convertible notes as detailed in note 14e on page 20 of the financial statements;
- The Group has obtained confirmation from $1,525,000 of its total borrowings outstanding as at 30 June 2013 (extending to balances outstanding as at 31 December 2014), that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 11d);
- Since year end the Group has obtained payment arrangements with the Office of State Revenue as describe in note 14f on page 20 of the financial statements. The Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (East Africa) has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation). Further details may be found in note 14d on page 20 of the financial statements.
- Upon the successful transaction between East Africa and the Company, the Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring. Details of the aforementioned options can be found in notes 14b and 14c on page 20 of the financial statements.
- The Group will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

3. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 2 of the financial report.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

DEMETRIOS PYNES
Managing Director

PAOLO FERRARA
Operations Director

Dated this Friday, 5 June 2015

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Threat Protect Australia Pty Ltd for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys — Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 5th Day of June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 $
Continuing operations	
Revenue	4,875,868
Other income	321
	4,876,189
Costs of sales	(2,944,750)
	1,931,439
Accounting and audit fees	(81,928)
Business development and integration	(94,987)
Computers and communications	(143,194)
Depreciation	(91,002)
Employee benefits	(1,809,263)
Finance Costs	(171,144)
Impairment	(146,742)
Insurance	(100,208)
Legal and consulting fees	(43,052)
Motor vehicle costs	(53,560)
Rent and utilities	(169,427)
Travel and accommodation	(4,388)
Other expenses	(56,165)
Loss before income tax	(1,033,621)
Income tax expense	-
Loss from continuing operations	(1,033,621)
Other comprehensive income, net of income tax	
Items that will not be reclassified subsequently to profit or loss	-
Items that may be reclassified subsequently to profit or loss:	-
Foreign currency movement	-
Other comprehensive income for the year, net of tax	-
Total comprehensive income attributable to members of the parent entity	(1,033,621)
Loss before interest, taxation, depreciation, and amortisation	(624,733)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Current assets			
Cash and cash equivalents	2	165,462	182,445
Trade and other receivables	3	553,537	477,666
Inventories	6	78,182	66,022
Other current assets	4	27,183	20,214
Financial assets	5	322,686	8,686
Total current assets		1,147,050	755,033
Non-current assets			
Plant and equipment	8	421,326	353,410
Total non-current assets		421,326	353,410
Total assets		1,568,376	1,108,443
Current liabilities			
Trade and other payables	9	1,362,903	575,595
Short-term provisions	10	266,664	225,815
Borrowings	11	1,636,531	1,069,653
Total current liabilities		3,266,098	1,871,063
Non-current liabilities			
Borrowings	11	99,668	1,149
Total non-current liabilities		99,668	1,149
Total liabilities		3,365,766	1,872,212
Net assets deficiency		(1,797,390)	(763,769)
Equity			
Issued capital	12	1,111,339	1,111,339
Accumulated losses		(2,908,729)	(1,875,108)
Total equity		(1,797,390)	(763,769)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital $	Accumulated Losses $	Total $
Balance at 30 June 2012	1,111,339	(1,875,108)	(763,769)
Balance at 1 July 2012	1,111,339	(1,875,108)	(763,769)
Loss for the year attributable owners of the parent	-	(1,033,621)	(1,033,621)
Other comprehensive income for the year attributable owners of the parent	-	-	-
Total comprehensive income for the year attributable owners of the parent	-	(1,033,621)	(1,033,621)
Transaction with owners, directly in equity			
Shares issued during the year	-	-	-
Balance at 30 June 2013	1,111,339	(2,908,729)	(1,797,390)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		2013 $	
Cash flows from operating activities			
Receipts from customers		5,128,620	
Interest received		-	
Interest and borrowing costs		(120,437)	
Payments to suppliers and employees		(5,234,885)	
Net cash used in operating activities	13a	(226,702)	
Cash flows from investing activities			
Purchase of plant and equipment		(19,919)	
Deposit paid for purchase of subsidiary		(300,000)	
Net cash used in investing activities		(319,919)	
Cash flows from financing activities			
Proceeds from borrowings		529,638	
Net cash provided by financing activities		529,638	
Net increase/(decrease) in cash held		(16,983)	
Cash at beginning of period		182,445	-
Cash at 30 June 2013	2	165,462	-

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Threat Protect Australia Pty Ltd (**the Company**) and controlled entities (**Consolidated Group** or **Group**). Threat Protect Australia Pty Ltd is a company limited by shares, domiciled and incorporated in Australia.

a. Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the Directors reporting requirements stipulated by the Australian Securities Exchange and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

i. Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- AASB 1054 *Australian Additional Disclosures*.

ii. Financial position

The consolidated financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

iii. Going Concern

Please refer to Note 1n.i Key judgement: Going Concern.

iv. Comparative figures

This is the first audited financial report presented by the Group. As part of the audit of the 2013 financial year, the opening balances for the Consolidated Statement of Financial Position have been audited. No audit procedures have been undertaken on the 2012 Consolidated Statement of Profit or Loss and Other Comprehensive Income. Consequently, the Group has elected to only present comparative information as it relates to the Consolidated Statement of Financial Position including notes to the financial statements.

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

b. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 7 Controlled Entities on page 16 of the financial statements.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112.

d. Inventories

Inventories are measured at the lower of cost and net realisable value.

e. Property, plant, and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1j Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

iii. Depreciation

With the exception of exploration and evaluation assets, depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2013 %	2012 %
Information technology	10.00 – 50.00	10.00 – 50.00
Motor vehicles	12.50	12.50
Office equipment	6.67 – 25.00	6.67 – 25.00
Plant and equipment	10.00 – 50.00	10.00 – 50.00
Control room	7.80 – 26.40	7.80 – 26.40

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. Intangibles

i. Goodwill

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value of attributed to the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition (see accounting policy 1b.i Business combinations). Goodwill is not subject to amortisation (see accounting policy 1j Impairment of non-financial assets).

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

g. Employee benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

iii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than definite benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

i. Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and Subsequent Measurement

(1) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine (9) months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) *Loans*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 60 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

v. 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.

vi. Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

j. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

l. Revenue and other income

Interest revenue is recognised in accordance with note 1i.ix Finance income and expenses.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of the amount of value added taxes (note 1m Goods and Services Tax).

m. Goods and Services Tax

Goods and Services Tax (**GST**) is the term for the broad-based consumption taxes that the Group is exposed in Australia.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Critical Accounting Estimates and Judgments

The following critical estimates and judgements have been employed in the preparation of the 30 June 2013 financial report:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Key judgement: Going Concern

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

The Group incurred a loss for the year ended 30 June 2013 of $1,033,621 and had earnings before interest, taxation, depreciation, and amortisation of $624,733 loss. The net asset position of the Group has decreased by $1,033,621 from 30 June 2012 to a $1,797,390 net assets deficiency at 30 June 2013.

As at 30 June 2013, the Group had a decrease in cash and cash equivalents from 30 June 2013 of $16,983 to $165,462 and had a working capital deficit of $2,468,917 (June 2012: $1,144,930 working capital deficit).

The ability of Company and the Consolidated Group to continue to pay its debts as and when they fall due is dependent upon the Consolidated Group successfully raising capital from equity markets, acquiring new businesses, generating profits from existing businesses and managing cash flows in line with available funds. These conditions indicate a material uncertainty that may cast doubt about the ability of the Consolidated Group to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- In May 2015 the Consolidated Group successfully raised $590,000 from the issue of convertible notes as detailed in note 14e on page 20;
- The Consolidated Group has obtained confirmation from $1,525,000 of its total borrowings outstanding as at 30 June 2013 (extending to balances outstanding as at 31 December 2014), that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 11d);
- Since year end the Consolidated Group has obtained payment arrangements with the Office of State Revenue as describe in note 14f on page 20. The Consolidated Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (ACN 060 774 227) (**East Africa**), an entity listed on the Australian Securities Exchange, has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. The transaction with East Africa will require shareholder approval under chapter 11 of the ASX listing rules as well as requiring East Africa Resources Limited to re-comply with Chapters 1 & 2 of the ASX listing rules.

  As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation).

  Further details may be found in note 14d on page 20.
- Upon the successful transaction between East Africa and the Company, the Consolidated Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring businesses which will increase its total customer base to approximately 20,000 customers. This is expected to significantly increase the top line revenues with only marginal increases in current operating costs. Details of the aforementioned options can be found in notes 14b and 14c on page 20.
- The consolidated entity will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

Should the Consolidated Group not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

ii. Key estimate: Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. As a result of this review, the Group has determined that impairment was required of the following balances:

- Trade receivables – $87,869 (being bad debts expense of $80,773 and impairment expense of $7,096)
- Property, plant, and equipment – $54,162 (being write-off of assets no longer held by the Group)

iii. Key estimate: Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2 CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank	165,462	182,445
	165,462	182,445

NOTE 3 TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Current		
Trade debtors	521,954	475,513
Less: provision for impairment	(7,096)	-
Accrued income receivable	35,879	-
Other	2,800	2,153
	553,537	477,666

NOTE 4 OTHER ASSETS

	2013 $	2012 $
Current		
Prepayments	27,183	20,214

NOTE 5 FINANCIAL ASSETS

	2013 $	2012 $
Current		
Rental security bond	22,686	8,686
Funds held for investment	300,000	-
	322,686	8,686

NOTE 6 INVENTORY

	2013 $	2012 $
Current		
Inventory – Consumables	78,182	66,022

NOTE 7 CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned 2013	Percentage Owned 2012
VIP Security Industries Pty Ltd	Australia	Ordinary	100%	100%
AVMC (Aust) Pty Ltd	Australia	Ordinary	100%	100%

a. Investments in subsidiaries are accounted for at cost.

b. Threat Protect Australia Pty Ltd is the ultimate parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 PROPERTY, PLANT, AND EQUIPMENT

	2013 $	2012 $
Non-current		
Information technology	194,399	182,174
Accumulated depreciation	(166,579)	(151,535)
	27,820	30,639
Control room	258,750	258,750
Accumulated depreciation	(54,846)	(6,491)
	203,904	252,259
Motor vehicles	182,908	54,063
Accumulated depreciation	(26,386)	(13,473)
	156,522	40,590
Office furniture and equipment	54,116	41,707
Accumulated depreciation	(40,089)	(37,782)
	14,027	3,925
Plant and equipment	62,465	60,268
Accumulated depreciation	(43,412)	(34,271)
	19,053	25,997
Total property, plant, and equipment	421,326	353,410

NOTE 9 TRADE AND OTHER PAYABLES

		2013 $	2012 $
Current			
Unsecured			
Trade payables	9a	212,140	203,514
Accrued expenses		52,471	36,396
Employee taxes withheld payable		59,336	59,029
Historical ATO liabilities	9c	643,092	129,604
Interest payable	9b	50,707	-
Payroll tax liabilities	14f	137,244	-
Present net Goods and Services Taxes payable		45,622	89,133
Superannuation payable		154,418	55,389
Other payables		7,873	2,530
		1,362,903	575,595

a. Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

b. Interest payable includes $5,259 payable to Quicksilver Asset Pty Ltd (**Quicksilver**), which will be fully offset by amounts owed to the Group by Quicksilver.

c. The Group is presently in the process of organising a payment arrangement with the ATO in respect to payment of the Groups outstanding taxation liabilities.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10 SHORT-TERM PROVISONS

	2013 $	2012 $
Current		
Employee benefits: annual leave	249,701	225,815
Provision for fines and penalty on outstanding superannuation contributions	16,963	-
	266,664	225,815

NOTE 11 BORROWINGS

		2013 $	2012 $
Current			
Hire purchase and finance lease arrangements	11b	91,153	46,082
Less: unexpired interest		(12,939)	(8,244)
Short-term borrowings	11a	33,317	31,815
Short-term loans	11c	1,525,000	1,000,000
		1,636,531	1,069,653
Non-current			
Hire purchase and finance lease arrangements	11b	94,731	-
Less: unexpired interest		(11,440)	-
Director loans		13,632	1,102
Other loans		2,745	47
		99,668	1,149

a. Short-term borrowings comprise premium funding for insurance policies, repayable within 12 months.

b. Loans are secured over the general property of the Group, or in the case of hire purchase and finance lease arrangements, the equipment to which the borrowing relates.

c. Short term loans comprise three facilities on the following terms and conditions:

Lender	Security	Interest rate and type	Loan balance 2013 $	Loan balance 2012 $
Cape Equity Pty Ltd	General property of the Group	15% pa - simple	387,500	400,000
Quicksilver Asset Pty Ltd	General property of the Group	12% pa - simple	200,000	200,000
	General property of the Group	15% pa - simple	787,500	400,000
Siren Nominees Pty Ltd	Nil	12% pa - simple	150,000	-
			1,525,000	1,000,000

d. The Group has received confirmation from the lenders listed at 11c of the following:

i. There are no penalty rates being enforced on any late payments in respect to the loans;

ii. There are no default clauses being enforced in respect in respect to the loans; and

iii. The loans listed at 11c will not be called within twelve months of signing the financial report, and there are no loan covenant conditions attached to these loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12 ISSUED CAPITAL

	2013 $	2012 $
The Company has issued share capital amounting to 10,000 fully paid ordinary shares at no par value.	1,111,339	1,111,339

a. Capital Management

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by its continued operations. There are no externally imposed capital requirements. The Group is not subject to externally imposed capital requirements.

The working capital positions of the Group at 30 June 2013 and 30 June 2012 were as follows:

		2013 $	2012 $
Cash and cash equivalents	2	165,462	182,445
Trade and other receivables	3	553,537	477,666
Inventory	6	78,182	66,022
Trade and other payables	9	(1,362,903)	(575,595)
Short-term provisions	10	(266,664)	(225,815)
Short-term borrowings	11	(1,636,531)	(1,069,653)
Working capital position		(2,468,917)	(1,144,930)

NOTE 13 CASH FLOW INFORMATION

	2013 $
a. Reconciliation of cash flow from operations to loss after income tax	
Loss after income tax	(1,033,621)
Non-cash flows in profit from ordinary activities:	
- Impairment	146,742
- Depreciation	91,002
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	
- (Increase)/decrease in trade and other receivables	(163,740)
- (Increase)/decrease in other assets and prepayments	(20,969)
- (Increase)/decrease in inventories	(12,160)
- Increase/(decrease) in trade and other payables	725,194
- Increase/(decrease) in provisions	40,850
Cash flow from operations	(226,702)

b. Credit standby facilities

The Group has no credit standby facilities.

c. Non-cash investing and financing activities

The Group acquired plant and equipment through hire purchase arrangements to the value of $135,758.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14 EVENTS SUBSEQUENT TO REPORTING DATE

a. On 1 July 2013, the Company completed the acquisition of Goldfields Commercial Security Pty Ltd for $1,100,000 (on a debt free basis) with $300,000 payable at completion, and $800,000 payable over 24 monthly instalments. The Company has paid the initial $300,000 and 5 instalments of $33,333, however as of 30 June 2014 is behind on 7 monthly payments. Pursuant to the Share Purchase Agreement the Company is obligated to pay interest of 20% per annum on late payments. The Company has ceased making payments as a result of negotiations regarding contractual duties of the Vendor and related parties as well as clawbacks pursuant to the Share Purchase Agreement, whereby the Purchase Price is to be reduced by $1,000 per Proprietary Line lost during the 24 month period following the Completion Date. The late payment interest liability and the clawback asset are currently subject to legal negotiations.

b. On 21 April 2015, AVMC (Aust) Pty Ltd, a subsidiary of the Company, entered into an option agreement to purchase the monitored lines, the contracts, and business records (optioned assets) of Hillstone Holdings Pty Ltd. The option must be exercised within 90 days of 21 April 2015. An option fee of $50,000 was paid in this regard.

c. On 21 April 2015, the Company entered into an option agreement with the shareholders of Chilpa Holdings Pty Ltd (**Chipla**) to purchase the shares in Chilpa. The option must be exercised within 60 days of 21 April 2015. An option fee of $280,000 was paid in this regard.

d. On 24 April 2015, the Company entered into a binding term sheet with East Africa Resources Ltd (ACN 060 774 227) (**East Africa**) whereby East Africa would acquire 100% of the Company and its business and assets in a reverse takeover transaction. As consideration for the shares in the Company, East Africa will issue 160,000,000 fully paid ordinary shares in EAF to the shareholders of the Company or their respective nominees

   As part of the completion of the acquisition, East Africa must raise a minimum of $5,000,000 (up to $5,500,000) through the issue of 250,000,000 fully paid ordinary shares at a minimum price of S0.02 under a full form prospectus.

   Each party will bear its own legal costs in relation to the preparation of the agreements for the implementation of this Transaction. The first $100,000 of costs associated with Transaction will be borne by East Africa. Any further Transaction related costs will be borne by the Company.

e. In May 2015 the Company raised $590,000 through the issue of 59 Convertible Notes each having a face value of $10,000 and an interest rate of 10%. The Convertible Notes have a maturity of 18 months after issue, and are automatically converted into fully paid ordinary shares of East Africa. In the event that completion of the proposed reverse takeover of East Africa does not occur, the Convertible Notes will remain as a debt due by the Company, incurring interest at the rate of 10% pa and are redeemable by Company at maturity or a change in control of the Company.

f. On 19 May 2015, subsequent to the partial payment of its outstanding liability, VIP Security Industries Pty Ltd (a subsidiary of the Company) entered into a payment arrangement with the Western Australian Office of State Revenue on the following terms and conditions being:
   - the payment of future liabilities when due;
   - the payment of 12 monthly instalments of $19,333 and commencing 1 July 2015; ;
   - interest at the current prescribed rate of 10.70% per annum will be calculated daily and imposed when instalment payments are receipted;
   - Total interest is estimated to be $12,489; and
   - The estimated total amount payable under this arrangement is $232,009.

NOTE 15 CONTINGENT LIABILITIES

The Group has no contingent assets or liabilities as at 30 June 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16 COMPANY DETAILS

The registered office and principal place of the Company is:

Street:	Unit 1/8 Fisher Street Belmont WA 6104	Postal:	PO Box 561 Belmont WA 6984 Australia
Telephone:	1300 THREAT 1300 847 328	Facsimile:	+61 (0)8 9322 9711
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity, and determined that this special purpose financial report should be prepared in accordance with the policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 21 are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) present fairly the Consolidated Group's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by:

DEMETRIOS PYNES	**PAOLO FERRARA**
Managing Director	Operations Director

Dated this Friday, 5 June 2015

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Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
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Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Threat Protect Australia Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report, and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd *(Continued)*

Bentleys
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Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

Inventory

We were not appointed as auditors of the consolidated entity until after 30 June 2013 and thus did not observe the counting of physical inventories as at the beginning or end of the financial year. Furthermore due to limitations in the Entity's accounting system, we were unable to obtain an inventory listing that reconciled to the general ledger at the beginning or end of the financial year. As such we were unable to satisfy ourselves by alternative means concerning the inventory quantities and whether the carrying value of the inventory was stated fairly as at 30 June 2013 in the Consolidated Statement of Financial Position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above the financial report presents fairly, in all material respects, the financial position of the Consolidated Entity as at 30 June 2013, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 of the financial report.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 1(n.i) in the financial report which indicates that the Consolidated Entity incurred a net loss of $1,033,621 during the year ended 30 June 2013 and as at that date had a net asset deficiency of $1,797,390. These conditions, along with other matters as set forth in note 1(n.i), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1a to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 5th Day of June 2015

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ACN 149 334 118

FINANCIAL REPORT

for the year ended 30 June 2014

CORPORATE DIRECTORY

Current Directors

Demetrios Pynes	*Managing Director*
Paolo (Paul) Ferrara	*Operations Director*

Principal Place of Business

Street:	Unit 1/8 Fisher Street	Postal:	PO Box 561
	Belmont WA 6104		Belmont WA 6984 Australia
Telephone:	1300 THREAT	Facsimile:	+61 (0)8 9322 9711
	1300 847 328		
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

Auditor

Bentleys

Street:	Level 1, 12 Kings Park Road
	West Perth WA 6005
Postal:	PO Box 44
	West Perth WA 6872
Telephone:	+61 0(8) 9226 4500

Corporate Adviser

Wolfstar Group Pty Ltd

Street:	Level 4, 66 Kings Park Road
	West Perth WA 6005
Telephone:	+61 (0)8 6141 3500

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FINANCIAL REPORT
30 JUNE 2014

CONTENTS

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2014.

1. DIRECTORS

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

- Demetrios Pynes — Managing Director
- Paolo (Paul) Ferrara — Operations Director

(**the Board**)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. REVIEW OF OPERATIONS

2.1. OPERATING RESULTS

The Group incurred a loss for the year ended 30 June 2014 of $2,498,074 and had earnings before interest, taxation, depreciation, and amortisation of $1,052,166 loss. The net asset position of the Group has decreased by $2,498,074 from 30 June 2013 to a $4,295,464 net assets deficiency at 30 June 2014.

As at 30 June 2014, the Group had a decrease in cash and cash equivalents from 30 June 2013 of $167,711 to $(2,249) and had a working capital deficit of $4,569,261 (30 June 2013: $2,468,917 working capital deficit).

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In addition:

- In May 2015 the Group successfully raised $590,000 from the issue of convertible notes as detailed in note 15d on page 21 of the financial statements;
- The Group has obtained confirmation from $1,872,242 (2013 $1,525,000) of its total borrowings outstanding as at 30 June 2014 (extending to balances outstanding as at 31 December 2014), that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 12d);
- Since year end the Group has obtained payment arrangements with the Office of State Revenue as describe in note 15e on page 21 of the financial statements. The Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (**East Africa**) has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation). Further details may be found in note 15c on page 21 of the financial statements.
- Upon the successful transaction between East Africa and the Company, the Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring. Details of the aforementioned options can be found in notes 15a and 15b on page 21 of the financial statements.
- The Group will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

3. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 2 of the financial report.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

DEMETRIOS PYNES	**PAOLO FERRARA**
Managing Director	Operations Director

Dated this Friday, 5 June 2015

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Threat Protect Australia Pty Ltd for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 5th Day of June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		2014 $	2013 $
Continuing operations			
Revenue		4,906,569	4,875,868
Other income		(3,620)	321
		4,902,949	4,876,189
Costs of sales		(2,625,665)	(2,944,750)
		2,277,284	1,931,439
Accounting and audit fees		(17,726)	(81,928)
Business development and integration		(251,237)	(94,987)
Computers and communications		(225,845)	(143,194)
Depreciation		(110,661)	(91,002)
Employee benefits		(2,221,940)	(1,809,263)
Finance Costs		(384,683)	(171,144)
Impairment	1n.iii	(1,198,964)	(146,742)
Insurance		(90,066)	(100,208)
Legal and consulting fees		(24,963)	(43,052)
Motor vehicle costs		(94,418)	(53,560)
Rent and utilities		(293,281)	(169,427)
Travel and accommodation		(46,988)	(4,388)
Other expenses		(62,986)	(56,165)
Loss before income tax		(2,746,474)	(1,033,621)
Income tax revenue	1n.iii	248,400	-
Loss from continuing operations		(2,498,074)	(1,033,621)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(2,498,074)	(1,033,621)
			-
Loss before interest, taxation, depreciation, and amortisation		(1,052,166)	(624,733)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

THREAT PROTECT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	2	(2,249)	165,462
Trade and other receivables	3	588,132	553,537
Inventories	6	98,177	78,182
Other current assets	4	63,112	27,183
Financial assets	5	22,686	322,686
Total current assets		769,858	1,147,050
Non-current assets			
Plant and equipment	8	319,490	421,326
Intangible assets	**9**	-	-
Total non-current assets		319,490	421,326
Total assets		1,089,348	1,568,376
Current liabilities			
Trade and other payables	10	2,401,619	1,362,903
Short-term provisions	11	350,572	266,664
Borrowings	12	2,501,130	1,636,531
Total current liabilities		5,253,321	3,266,098
Non-current liabilities			
Borrowings	12	131,491	99,668
Total non-current liabilities		131,491	99,668
Total liabilities		5,384,812	3,365,766
Net assets deficiency		(4,295,464)	(1,797,390)
Equity			
Issued capital	13	1,111,339	1,111,339
Accumulated losses		(5,406,803)	(2,908,729)
Total equity		(4,295,464)	(1,797,390)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital $	Accumulated Losses $	Total $
Balance at 1 July 2012	1,111,339	(1,875,108)	(763,769)
Loss for the year attributable owners of the parent	-	(1,033,621)	(1,033,621)
Other comprehensive income for the year attributable owners of the parent	-	-	-
Total comprehensive income for the year attributable owners of the parent	-	(1,033,621)	(1,033,621)
Transaction with owners, directly in equity			
Shares issued during the year	-	-	-
Balance at 30 June 2013	1,111,339	(2,908,729)	(1,797,390)
Balance at 1 July 2013	1,111,339	(2,908,729)	(1,797,390)
Loss for the year attributable owners of the parent	-	(2,498,074)	(2,498,074)
Other comprehensive income for the year attributable owners of the parent	-	-	-
Total comprehensive income for the year attributable owners of the parent	-	(2,498,074)	(2,498,074)
Transaction with owners, directly in equity			
Shares issued during the year	-	-	-
Balance at 30 June 2014	1,111,339	(5,406,803)	(4,295,464)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		5,601,873	5,128,620
Interest received		-	-
Interest and borrowing costs		(333,039)	(120,437)
Payments to suppliers and employees		(5,688,029)	(5,234,885)
Net cash used in operating activities	14a	(419,195)	(226,702)
Cash flows from investing activities			
Purchase of plant and equipment		(4,096)	(19,919)
Purchase of subsidiary, net of cash acquired	1n.ii(5)	(82,368)	-
Deposit paid for purchase of subsidiary		-	(300,000)
Net cash used in investing activities		(86,464)	(319,919)
Cash flows from financing activities			
Proceeds from borrowings	14c	337,948	529,638
Net cash provided by financing activities		337,948	529,638
Net increase/(decrease) in cash held		(167,711)	(16,983)
Cash at beginning of period		165,462	182,445
Cash at 30 June	2	(2,249)	165,462

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Threat Protect Australia Pty Ltd (**the Company**) and controlled entities (**Consolidated Group** or **Group**). Threat Protect Australia Pty Ltd is a company limited by shares, domiciled and incorporated in Australia.

a. Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the Directors reporting requirements stipulated by the Australian Securities Exchange and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

i. Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- AASB 1054 *Australian Additional Disclosures*.

ii. Financial position

The consolidated financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

iii. Going Concern

Please refer to Note 1n.i Key judgement: Going Concern.

iv. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

b. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 7 Controlled Entities on page 17 of the financial statements.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Inventories

Inventories are measured at the lower of cost and net realisable value.

e. Property, plant, and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1j Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

iii. Depreciation

With the exception of exploration and evaluation assets, depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2014 %	2013 %
Information technology	10.00 – 50.00	10.00 – 50.00
Motor vehicles	12.50	12.50
Office equipment	6.67 – 25.00	6.67 – 25.00
Plant and equipment	10.00 – 50.00	10.00 – 50.00
Control room	7.80 – 26.40	7.80 – 26.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. Intangibles

i. Goodwill

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value of attributed to the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition (see accounting policy 1b.i Business combinations). Goodwill is not subject to amortisation (see accounting policy 1j Impairment of non-financial assets).

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

g. Employee benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

iii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than definite benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and Subsequent Measurement

(1) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine (9) months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) *Loans*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 60 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

vi. Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

j. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

l. Revenue and other income

Interest revenue is recognised in accordance with note 1i.ix Finance income and expenses.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of the amount of value added taxes (note 1m Goods and Services Tax).

m. Goods and Services Tax

Goods and Services Tax (**GST**) is the term for the broad-based consumption taxes that the Group is exposed in Australia.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Critical Accounting Estimates and Judgments

The following critical estimates and judgements have been employed in the preparation of the 30 June 2014 financial report:

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Key judgement: Going Concern

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

The Group incurred a loss for the year ended 30 June 2014 of $2,498,074 and had earnings before interest, taxation, depreciation, and amortisation of $1,052,166 loss. The net asset position of the Group has decreased by $2,498,074 from 30 June 2013 to a $4,295,464 net assets deficiency at 30 June 2014.

As at 30 June 2014, the Group had a decrease in cash and cash equivalents from 30 June 2013 of $167,711 to $(2,249) and had a working capital deficit of $4,569,261 (30 June 2013: $2,468,917 working capital deficit).

The ability of Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising capital from equity markets, acquiring new businesses, generating profits from existing businesses and managing cash flows in line with available funds. These conditions indicate a material uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- In May 2015 the Group successfully raised $590,000 from the issue of convertible notes as detailed in note 15d on page 21;
- The Group has obtained confirmation from $1,872,242 (2013 $1,525,000) of its total borrowings outstanding as at 30 June 2014 (extending to balances outstanding as at 31 December 2014), that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 12d);
- Since year end the Group has obtained payment arrangements with the Office of State Revenue as describe in note 15e on page 21. The Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (ACN 060 774 227) (**East Africa**), an entity listed on the Australian Securities Exchange, has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. The transaction with East Africa will require shareholder approval under chapter 11 of the ASX listing rules as well as requiring East Africa Resources Limited to re-comply with Chapters 1 & 2 of the ASX listing rules.

  As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation).

  Further details may be found in note 15c on page 21.
- Upon the successful transaction between East Africa and the Company, the Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring businesses which will increase its total customer base to approximately 20,000 customers. This is expected to significantly increase the top line revenues with only marginal increases in current operating costs. Details of the aforementioned options can be found in notes 15a and 15b on page 21.
- The Group will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

Should the Group not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

ii. Key estimate: Acquisition of subsidiary

(1) On the 1 July 2013, the Group acquired a 100% interest in Goldfields Commercial Security Pty Ltd, through the payment of $300,000 in cash and $800,000 in deferred consideration, payable over 24 monthly instalments.

(2) Consideration transferred		$
Cash consideration		300,000
Deferred consideration – Vendor finance	12	800,000
Consideration transferred		1,100,000

(3) Assets acquired and liabilities assumed at the date of acquisition		$
Assets		
Cash and cash equivalents		50,964
Trade and other receivables		356,329
Inventories		6,000
Plant and equipment		36,919
Customer related intangible assets – Customer security lines	a	828,000
Total assets		1,278,212
Liabilities		
Trade and other payables		189,994
Deferred tax liabilities		248,400
Total liabilities		438,394
Fair value of the net assets acquired		839,818

a. Customer related intangibles were valued on the basis on a contracted claw back of $1,000 per line on the 828 security lines acquired.

(4) Goodwill on acquisition		$
Consideration transferred	1n.ii(2)	1,100,000
Less: Indemnification of tax liabilities	16a	(108,192)
Fair value of the net assets acquired	1n.ii(4)	(839,818)
Goodwill on acquisition		151,990

(5) Net cash outflow arising on acquisition		$
Consideration paid in cash	a	-
Payment of Vendor		133,332
Less: Cash and cash equivalents balances acquired		(50,964)
Net cash outflow arising on acquisition		82,368

a. Note the cash component of $300,000, described in 1n.ii(2), was prepaid in the prior financial year and has not been included in the net cash paid in consideration for 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

iii. Key estimate: Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. As a result of this review, the Group has determined that impairment was required of the following balances:

- Intangibles subsequent to the acquisition of a subsidiary – $1,088,182. Due to the matters describe in note 16a and the performance of the Group, it was determine that the values of the intangible assets acquired should be impairment to their full extent. As a result of the impairment of the "Customer related intangible assets – Customer security lines" of $828,000 and Goodwill on acquisition of a subsidiary of $151,990 the deferred tax liability of $248,400 was reversed through income tax expense as income tax revenue.
- Included in the acquisition was the write-off of capitalised acquisition costs amounting $14,333;
- Trade and other receivables – $152,714;
- Property, plant, and equipment – $51,927 (being write-off of assets no longer held by the Group)

iv. Key estimate: Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2 CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank	(2,249)	165,462
	(2,249)	165,462

NOTE 3 TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Trade debtors	576,395	521,954
Less: provision for impairment	(16,460)	(7,096)
Dispute with previous owners	89,899	-
Less: provision for impairment	(89,899)	-
Accrued income receivable	28,197	35,879
Other	-	2,800
	588,132	553,537

NOTE 4 OTHER ASSETS

	2014 $	2013 $
Current		
Prepayments	63,112	27,183

NOTE 5 FINANCIAL ASSETS

	2014 $	2013 $
Current		
Rental security bond	22,686	22,686
Funds held for investment	-	300,000
	22,686	322,686

NOTE 6 INVENTORY

	2014 $	2013 $
Current		
Inventory – Consumables	98,177	78,182

NOTE 7 CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned 2014	Percentage Owned 2013
VIP Security Industries Pty Ltd	Australia	Ordinary	100%	100%
AVMC (Aust) Pty Ltd	Australia	Ordinary	100%	100%
Goldfields Commercial Security Pty Ltd	Australia	Ordinary	100%	0%

a. Investments in subsidiaries are accounted for at cost.

b. Threat Protect Australia Pty Ltd is the ultimate parent of the Group.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8 PROPERTY, PLANT, AND EQUIPMENT

	2014 $	2013 $
Non-current		
Information technology	198,494	194,399
Accumulated depreciation	(178,937)	(166,579)
	19,557	27,820
Control room	258,750	258,750
Accumulated depreciation	(103,200)	(54,846)
	155,550	203,904
Motor vehicles	182,908	182,908
Accumulated depreciation	(64,874)	(26,386)
	118,034	156,522
Office furniture and equipment	54,116	54,116
Accumulated depreciation	(42,265)	(40,089)
	11,851	14,027
Plant and equipment	62,465	62,465
Accumulated depreciation	(47,967)	(43,412)
	14,498	19,053
Total property, plant, and equipment	319,490	421,326

NOTE 9 INTANGIBLE ASSETS

	2014 $	2013 $
Current		
Customer related intangibles – Customer security service contracts	828,000	-
Accumulated impairment	(828,000)	-
	-	-

NOTE 10 TRADE AND OTHER PAYABLES

	Note	2014 $	2013 $
Current			
Unsecured			
Trade payables	10a	494,922	212,140
Accrued expenses		100,911	52,471
Employee taxes withheld payable		46,058	59,336
Historical ATO liabilities	10c,16a	1,049,238	643,092
Interest payable	10b	102,351	50,707
Payroll tax liabilities	15e	274,304	137,244
Present net Goods and Services Taxes payable		74,681	45,622
Superannuation payable		240,154	154,418
Other payables		19,000	7,873
		2,401,619	1,362,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10 TRADE AND OTHER PAYABLES (continued)

a. Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

b. Interest payable includes $1,869 payable to Quicksilver Asset Pty Ltd (**Quicksilver**), which will be fully offset by amounts owed to the Group by Quicksilver.

c. The Group is presently in the process of organising a payment arrangement with the ATO in respect to payment of the Groups outstanding taxation liabilities.

NOTE 11 SHORT-TERM PROVISONS

	2014 $	2013 $
Current		
Employee benefits: annual leave	311,072	249,701
Provision for fines and penalty on outstanding superannuation contributions	39,500	16,963
	350,572	266,664

NOTE 12 BORROWINGS

		2014 $	2013 $
Current			
Hire purchase and finance lease arrangements	12b	57,458	91,153
Less: unexpired interest		(7,114)	(12,939)
Short-term borrowings	12a	20,068	33,317
Loans	12c	1,872,242	1,525,000
Vendor finance	16a	558,476	-
		2,501,130	1,636,531
Non-current			
Hire purchase and finance lease arrangements	12b	64,942	94,731
Less: unexpired interest		(5,417)	(11,440)
Director loans		52,357	13,632
Related entity loans		19,609	-
Other loans		-	2,745
		131,491	99,668

a. Short-term borrowings comprise premium funding for insurance policies, repayable within 12 months.

b. Loans are secured over the general property of the Group, or in the case of hire purchase and finance lease arrangements, the equipment to which the borrowing relates.

c. Short term loans comprise three facilities on the following terms and conditions:

Lender	Security	Interest rate and type	Loan balance 2014 $	2013 $
Cape Equity Pty Ltd	General property of the Group	15% pa - simple	587,500	387,500
Quicksilver Asset Pty Ltd	General property of the Group	12% pa - simple	-	200,000
	General property of the Group	15% pa - simple	787,500	787,500
Siren Nominees Pty Ltd	Nil	12% pa - simple	497,242	150,000
			1,872,242	1,525,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12 BORROWINGS (continued)

d. The Group has received confirmation from the lenders listed at 12c of the following:

i. There are no penalty rates being enforced on any late payments in respect to the loans;

ii. There are no default clauses being enforced in respect in respect to the loans; and

iii. The loans listed at 12c will not be called within twelve months of signing the financial report, and there are no loan covenant conditions attached to these loans.

NOTE 13 ISSUED CAPITAL

	2014 $	2013 $
The Company has issued share capital amounting to 10,000 fully paid ordinary shares at no par value.	1,111,339	1,111,339

a. Capital Management

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by its continued operations. There are no externally imposed capital requirements. The Group is not subject to externally imposed capital requirements.

The working capital positions of the Group at 30 June 2014 and 30 June 2013 were as follows:

		2014 $	2013 $
Cash and cash equivalents	2	(2,249)	165,462
Trade and other receivables	3	588,132	553,537
Inventory	6	98,177	78,182
Trade and other payables	10	(2,401,619)	(1,362,903)
Short-term provisions	11	(350,572)	(266,664)
Short-term borrowings	12	(2,501,130)	(1,636,531)
Working capital position		(4,569,261)	(2,468,917)

NOTE 14 CASH FLOW INFORMATION

	2014 $	2013 $
a. Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(2,498,074)	(1,033,621)
Non-cash flows in profit from ordinary activities:		
Impairment	1,198,964	146,742
Depreciation	110,661	91,002
Write-off of capitalised acquisition costs	(33,964)	-
Reversal of deferred tax liability through income tax	(248,400)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	197,215	(163,740)
(Increase)/decrease in other assets and prepayments	(64,126)	(20,969)
(Increase)/decrease in inventories	(13,995)	(12,160)
Increase/(decrease) in trade and other payables	848,718	725,194
Increase/(decrease) in provisions	83,806	40,850
Cash flow from operations	(419,195)	(226,702)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14 CASH FLOW INFORMATION (continued)

b. Credit standby facilities

The Group has no credit standby facilities.

c. Non-cash investing and financing activities

The Group acquired a subsidiary utilising vendor finance. For the period this resulted in a non-cash increase in borrowing of $666,668. This balance was initially recognised as an intangible asset and fully impaired as at 30 June 2014.

NOTE 15 EVENTS SUBSEQUENT TO REPORTING DATE

a. On 21 April 2015, AVMC (Aust) Pty Ltd, a subsidiary of the Company, entered into an option agreement to purchase the monitored lines, the contracts, and business records (optioned assets) of Hillstone Holdings Pty Ltd. The option must be exercised within 90 days of 21 April 2015. An option fee of $50,000 was paid in this regard.

b. On 21 April 2015, the Company entered into an option agreement with the shareholders of Chilpa Holdings Pty Ltd (**Chipla**) to purchase the shares in Chilpa. The option must be exercised within 60 days of 21 April 2015. An option fee of $280,000 was paid in this regard.

c. On 24 April 2015, the Company entered into a binding term sheet with East Africa Resources Ltd (ACN 060 774 227) (**East Africa**) whereby East Africa would acquire 100% of the Company and its business and assets in a reverse takeover transaction. As consideration for the shares in the Company, East Africa will issue 160,000,000 fully paid ordinary shares in EAF to the shareholders of the Company or their respective nominees

   As part of the completion of the acquisition, East Africa must raise a minimum of $5,000,000 (up to $5,500,000) through the issue of 250,000,000 fully paid ordinary shares at a minimum price of S0.02 under a full form prospectus.

   Each party will bear its own legal costs in relation to the preparation of the agreements for the implementation of this Transaction. The first $100,000 of costs associated with Transaction will be borne by East Africa. Any further Transaction related costs will be borne by the Company.

d. In May 2015 the Company raised $590,000 through the issue of 59 Convertible Notes each having a face value of $10,000 and an interest rate of 10%. The Convertible Notes have a maturity of 18 months after issue, and are automatically converted into fully paid ordinary shares of East Africa. In the event that completion of the proposed reverse takeover of East Africa does not occur, the Convertible Notes will remain as a debt due by the Company, incurring interest at the rate of 10% pa and are redeemable by Company at maturity or a change in control of the Company.

e. On 19 May 2015, subsequent to the partial payment of its outstanding liability, VIP Security Industries Pty Ltd (a subsidiary of the Company) entered into a payment arrangement with the Western Australian Office of State Revenue on the following terms and conditions being:
   - the payment of future liabilities when due;
   - the payment of 12 monthly instalments of $19,333 and commencing 1 July 2015;
   - interest at the current prescribed rate of 10.70% per annum will be calculated daily and imposed when instalment payments are receipted;
   - Total interest is estimated to be $12,489; and
   - The estimated total amount payable under this arrangement is $232,009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16 CONTINGENT LIABILITIES

a. In July 2013, the Company acquired Goldfields Commercial Security Pty Ltd for $1,100,000 (on a debt free basis) with $300,000 payable at completion, and $800,000 payable over 24 monthly instalments. The Company has paid the initial $300,000 and five instalments of $33,333, however as of 30 June 2014 is behind on seven monthly payments. Pursuant to the Share Purchase Agreement the Company is obligated to pay interest of 20% per annum on late payments. The Company has ceased making payments as a result of negotiations regarding contractual duties of the Vendor and related parties as well as clawbacks pursuant to the Share Purchase Agreement, whereby the Purchase Price is to be reduced by $1,000 per Proprietary Line lost during the 24 month period following the Completion Date. Neither the late payment interest liability nor the clawback asset have been booked in the financial report as at 30 June 2014 on the basis they are subject to legal negotiations. As at 30 June 2014, the Company's estimate is that there would be a net receivable of $124,000 owing to the Company however as at the date of this report the outcome is uncertain.

   In addition to the above matters, the Company is indemnified for tax liabilities incurred prior to the acquisition of Goldfields Commercial Security Pty Ltd by the Vendors of the company under the acquisition contract. In respect to the indemnification, the Company has offset $108,192 of tax related liabilities incurred prior to the Company's acquisition.

NOTE 17 COMPANY DETAILS

The registered office and principal place of the Company is:

Street:	Unit 1/8 Fisher Street	Postal:	PO Box 561
	Belmont WA 6104		Belmont WA 6984 Australia
Telephone:	1300 THREAT	Facsimile:	+61 (0)8 9322 9711
	1300 847 328		
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity, and determined that this special purpose financial report should be prepared in accordance with the policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 22 are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) present fairly the Consolidated Group's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by:

DEMETRIOS PYNES
Managing Director

PAOLO FERRARA
Operations Director

Dated this Friday, 5 June 2015

Bentleys
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Bentleys Audit & Corporate (WA) Pty Ltd
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bentleys.com.au

Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Threat Protect Australia Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report, and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd *(Continued)*

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Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

Inventory

We were not appointed as auditors of the consolidated entity until after 30 June 2014 and thus did not observe the counting of physical inventories as at the beginning or end of the financial year. Furthermore due to limitations in the Entity's accounting system, we were unable to obtain an inventory listing that reconciled to the general ledger at the beginning or end of the financial year. As such we were unable to satisfy ourselves by alternative means concerning the inventory quantities and whether the carrying value of the inventory was stated fairly as at 30 June 2014 in the Consolidated Statement of Financial Position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above the financial report presents fairly, in all material respects, the financial position of the Consolidated Entity as at 30 June 2014, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 of the financial report.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 1(n.i) in the financial report which indicates that the Consolidated Entity incurred a net loss of $2,498,074 during the year ended 30 June 2014 and as at that date had a net asset deficiency of $4,295,464. These conditions, along with other matters as set forth in note 1(n.i), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1a to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Bentleys

Mark Delaurentis

BENTLEYS	**MARK DELAURENTIS** CA
Chartered Accountants	**Director**

DATED at PERTH this 5th Day of June 2015

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ACN 149 334 118

FINANCIAL REPORT

for the half-year ended 31 December 2014

CORPORATE DIRECTORY

Current Directors

Demetrios Pynes	*Managing Director*
Paolo (Paul) Ferrara	*Operations Director*

Principal Place of Business

Street:	Unit 1/8 Fisher Street	Postal:	PO Box 561
	Belmont WA 6104		Belmont WA 6984 Australia
Telephone:	1300 THREAT	Facsimile:	+61 (0)8 9322 9711
	1300 847 328		
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

Auditor

Bentleys

Street:	Level 1, 12 Kings Park Road
	West Perth WA 6005
Postal:	PO Box 44
	West Perth WA 6872
Telephone:	+61 0(8) 9226 4500

Corporate Adviser

Wolfstar Group Pty Ltd

Street:	Level 4, 66 Kings Park Road
	West Perth WA 6005
Telephone:	+61 (0)8 6141 3500

FINANCIAL REPORT
31 DECEMBER 2014

CONTENTS

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the half-year ended 31 December 2014.

1. DIRECTORS

The names of Directors in office at any time during or since the end of the half-year are:

- Demetrios Pynes — Managing Director
- Paolo (Paul) Ferrara — Operations Director

(**the Board**)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. REVIEW OF OPERATIONS

2.1. OPERATING RESULTS

The Group incurred a loss for the half-year ended 31 December 2014 of $702,525 and had earnings before interest, taxation, depreciation, and amortisation of $431,327 loss. The net asset position of the Group has decreased by $466,561 from 30 June 2014 to a $4,762,025 net assets deficiency at 31 December 2014.

As at 31 December 2014, the Group had an increase in cash and cash equivalents from 30 June 2014 of $72,515 to $70,266 and had a working capital deficit of $5,095,375 (30 June 2014: $4,569,261 working capital deficit).

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In addition:

- In May 2015 the Group successfully raised $590,000 from the issue of convertible notes as detailed in note 15d on page 20 of the financial statements;
- The Group has obtained confirmation from $2,322,242 (30 June 2014: $1,872,242) of its total borrowings outstanding as at 31 December 2014, that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 12d);
- Since year end the Group has obtained payment arrangements with the Office of State Revenue as describe in note 15e on page 20 of the financial statements. The Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (**East Africa**) has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation). Further details may be found in note 15c on page 20 of the financial statements.
- Upon the successful transaction between East Africa and the Company, the Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring. Details of the aforementioned options can be found in notes 15a and 15b on page 20 of the financial statements.
- The Group will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

3. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 2 of the half-year report.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

DEMETRIOS PYNES — Managing Director

PAOLO FERRARA — Operations Director

Dated this Friday, 5 June 2015

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Threat Protect Australia Pty Ltd for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 5th Day of June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	6 months ended 31 Dec 2014 $	12 months ended 30 June 2014 $
Continuing operations		
Revenue	2,548,631	4,906,569
Other income	28,769	(3,620)
	2,577,400	4,902,949
Costs of sales	(1,445,006)	(2,625,665)
	1,132,394	2,277,284
Accounting and audit fees	(11,005)	(17,726)
Business development and integration	(55,389)	(251,237)
Computers and communications	(112,024)	(225,845)
Depreciation	(43,179)	(110,661)
Employee benefits	(1,001,211)	(2,221,940)
Finance Costs	(232,737)	(384,683)
Impairment (expense) / recovery	4,718	(1,198,964)
Insurance	(63,193)	(90,066)
Legal and consulting fees	(90,295)	(24,963)
Motor vehicle costs	(37,972)	(94,418)
Rent and utilities	(157,860)	(293,281)
Travel and accommodation	(4,993)	(46,988)
Other expenses	(29,779)	(62,986)
Loss before income tax	(702,525)	(2,746,474)
Income tax revenue	-	248,400
Loss from continuing operations	(702,525)	(2,498,074)
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Foreign currency movement	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income attributable to members of the parent entity	(702,525)	(2,498,074)
		-
Loss before interest, taxation, depreciation, and amortisation	(431,327)	(1,052,166)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

THREAT PROTECT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31 Dec 2014 $	30 June 2014 $
Current assets			
Cash and cash equivalents	2	70,266	(2,249)
Trade and other receivables	3	613,657	588,132
Inventories	6	66,734	98,177
Other current assets	4	109,481	63,112
Financial assets	5	25,232	22,686
Total current assets		885,370	769,858
Non-current assets			
Plant and equipment	8	278,610	319,490
Intangible assets	9	-	-
Total non-current assets		278,610	319,490
Total assets		1,163,980	1,089,348
Current liabilities			
Trade and other payables	10	2,258,521	2,401,619
Short-term provisions	11	397,295	350,572
Borrowings	12	3,190,216	2,501,130
Total current liabilities		5,846,032	5,253,321
Non-current liabilities			
Borrowings	12	79,973	131,491
Total non-current liabilities		79,973	131,491
Total liabilities		5,926,005	5,384,812
Net assets deficiency		(4,762,025)	(4,295,464)
Equity			
Issued capital	13	1,347,303	1,111,339
Accumulated losses		(6,109,328)	(5,406,803)
Total equity		(4,762,025)	(4,295,464)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital $	Accumulated Losses $	Total $
Balance at 1 July 2013	1,111,339	(2,908,729)	(1,797,390)
Loss for the year attributable owners of the parent	-	(2,498,074)	(2,498,074)
Other comprehensive income for the year attributable owners of the parent	-	-	-
Total comprehensive income for the year attributable owners of the parent	-	(2,498,074)	(2,498,074)
Transaction with owners, directly in equity			
Shares issued during the year	-	-	-
Balance at 30 June 2014	1,111,339	(5,406,803)	(4,295,464)
Balance at 1 July 2014	1,111,339	(5,406,803)	(4,295,464)
Loss for the half-year attributable owners of the parent	-	(702,525)	(702,525)
Other comprehensive income for the half-year attributable owners of the parent	-	-	-
Total comprehensive income for the half-year attributable owners of the parent	-	(702,525)	(702,525)
Transaction with owners, directly in equity			
Shares issued during the half-year	235,964	-	235,964
Balance at 31 December 2014	1,347,303	(6,109,328)	(4,762,025)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	6 months ended 31 Dec 2014 $	12 months ended 30 June 2014 $
Cash flows from operating activities			
Receipts from customers		2,840,085	5,601,873
Interest received		-	-
Interest and borrowing costs		(178,483)	(333,039)
Payments to suppliers and employees		(3,460,436)	(5,688,029)
Net cash used in operating activities	14a	(798,834)	(419,195)
Cash flows from investing activities			
Purchase of plant and equipment		(2,183)	(4,096)
Purchase of subsidiary, net of cash acquired		-	(82,368)
Net cash used in investing activities		(2,183)	(86,464)
Cash flows from financing activities			
Proceeds from issue of shares		235,964	-
Proceeds from borrowings	14c	637,568	337,948
Net cash provided by financing activities		873,532	337,948
Net increase/(decrease) in cash held		72,515	(167,711)
Cash at beginning of period		(2,249)	165,462
Cash at end of period	2	70,266	(2,249)

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Threat Protect Australia Pty Ltd (**the Company**) and controlled entities (**Consolidated Group** or **Group**). Threat Protect Australia Pty Ltd is a company limited by shares, domiciled and incorporated in Australia.

a. Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the Directors reporting requirements stipulated by the Australian Securities Exchange and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

For the purposes of preparing the report, the half year has been treated as a discrete reporting period

i. Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- AASB 1054 *Australian Additional Disclosures*.

ii. Financial position

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

iii. Going Concern

Please refer to Note 1n.i Key judgement: Going Concern.

iv. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

b. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

THREAT PROTECT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 7 Controlled Entities on page 16 of the financial statements.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Inventories

Inventories are measured at the lower of cost and net realisable value.

e. Property, plant, and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1j Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

iii. Depreciation

With the exception of exploration and evaluation assets, depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	31 December 2014 %	30 June 2014 %
Information technology	10.00 – 50.00	10.00 – 50.00
Motor vehicles	12.50	12.50
Office equipment	6.67 – 25.00	6.67 – 25.00
Plant and equipment	10.00 – 50.00	10.00 – 50.00
Control room	7.80 – 26.40	7.80 – 26.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. Intangibles

i. Goodwill

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value of attributed to the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition (see accounting policy 1b.i Business combinations). Goodwill is not subject to amortisation (see accounting policy 1j Impairment of non-financial assets).

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

g. Employee benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

iii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than definite benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and Subsequent Measurement

(1) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine (9) months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) *Loans*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 60 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

vi. Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

j. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

l. Revenue and other income

Interest revenue is recognised in accordance with note 1i.ix Finance income and expenses.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of the amount of value added taxes (note 1m Goods and Services Tax).

m. Goods and Services Tax

Goods and Services Tax (**GST**) is the term for the broad-based consumption taxes that the Group is exposed in Australia.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Critical Accounting Estimates and Judgments

The following critical estimates and judgements have been employed in the preparation of the 31 December 2014 financial report:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Key judgement: Going Concern

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

The Group incurred a loss for the half-year ended 31 December 2014 of $702,525 and had earnings before interest, taxation, depreciation, and amortisation of $431,327 loss. The net asset position of the Group has decreased by $466,561 from 30 June 2014 to a $4,793,141 net assets deficiency at 31 December 2014.

As at 31 December 2014, the Group had an increase in cash and cash equivalents from 30 June 2014 of $72,515 to $70,266 and had a working capital deficit of $5,095,375 (30 June 2014: $4,569,261 working capital deficit).

The ability of Company and the Consolidated Group to continue to pay its debts as and when they fall due is dependent upon the Consolidated Group successfully raising capital from equity markets, acquiring new businesses, generating profits from existing businesses and managing cash flows in line with available funds. These conditions indicate a material uncertainty that may cast doubt about the ability of the Consolidated Group to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- In May 2015 the Group successfully raised $590,000 from the issue of convertible notes as detailed in note 15d on page 20;
- The Group has obtained confirmation from $2,322,242 (30 June 2014 $1,872,242) of its total borrowings outstanding as at 31 December 2014, that repayment of these loans will be deferred for a period of at least twelve months from the date of this financial report as referred to in note 12d);
- Since year end the Group has obtained payment arrangements with the Office of State Revenue as describe in note 15e on page 20. The Group is actively pursuing an arrangement agreement with the Australian Tax Office.
- East Africa Resources Ltd (ACN 060 774 227)(**East Africa**), an entity listed on the Australian Securities Exchange, has entered into an acquisition agreement to acquire 100% of the Company and its business and assets. The transaction with East Africa will require shareholder approval under chapter 11 of the ASX listing rules as well as requiring East Africa Resources Limited to re-comply with Chapters 1 & 2 of the ASX listing rules.

  As part of the transaction for East Africa will raise a minimum of $5,000,000 before costs by the issue of 250,000,000 fully paid ordinary shares at a minimum issue price of $0.02 per share (post consolidation).

  Further details may be found in note 15c on page 20.
- Upon the successful transaction between East Africa and the Company, the Group will look to exercising the options it holds (subject to final due diligence) to acquire two additional security monitoring businesses which will increase its total customer base to approximately 20,000 customers. This is expected to significantly increase the top line revenues with only marginal increases in current operating costs. Details of the aforementioned options can be found in notes 15a and 15b on page 20.
- The Group will also look to launch across both its existing customer base and to the wider public, a threat protect monitored 24 hour remote back to base monitoring Smart App. This is expected to generate a new revenue line within the business.

Should the Group not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

ii. Key estimate: Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. As a result of this review, the Group has determined that net impairment recovery was required of the following balances:

- Trade receivables – $7,142 impairment write-off
- Property, plant, and equipment – $11,860 impairment recovery
- Due to the matters describe in note 16a and the performance of the Group, it was determine that the values of "Customer related intangible assets – Customer security lines" of $828,000 should remain impaired to their full extent. As a result of this impairment, no deferred tax liability has been recognised in these financial statements.

iii. Key estimate: Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2 CASH AND CASH EQUIVALENTS

	31 Dec 2014 $	30 June 2014 $
Cash at bank	70,266	(2,249)
	70,266	(2,249)

NOTE 3 TRADE AND OTHER RECEIVABLES

	31 Dec 2014 $	30 June 2014 $
Current		
Trade debtors	559,012	576,395
Less: provision for impairment	(16,460)	(16,460)
Dispute with previous owners	89,899	89,899
Less: provision for impairment	(89,899)	(89,899)
Accrued income receivable	71,105	28,197
	613,657	588,132

NOTE 4 OTHER ASSETS

	31 Dec 2014 $	30 June 2014 $
Current		
Prepayments	109,481	63,112

NOTE 5 FINANCIAL ASSETS

	31 Dec 2014 $	30 June 2014 $
Current		
Rental security bond	25,232	22,686

NOTE 6 INVENTORY

	31 Dec 2014 $	30 June 2014 $
Current		
Inventory – Consumables	66,734	98,177

NOTE 7 CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned 31 Dec 2014	Percentage Owned 30 June 2014
VIP Security Industries Pty Ltd	Australia	Ordinary	100%	100%
AVMC (Aust) Pty Ltd	Australia	Ordinary	100%	100%
Goldfields Commercial Security Pty Ltd	Australia	Ordinary	100%	100%

a. Investments in subsidiaries are accounted for at cost.

b. Threat Protect Australia Pty Ltd is the ultimate parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 8 PROPERTY, PLANT, AND EQUIPMENT

	31 Dec 2014 $	30 June 2014 $
Non-current		
Information technology	200,677	198,494
Accumulated depreciation	(184,514)	(178,937)
	16,163	19,557
Control room	258,750	258,750
Accumulated depreciation	(127,377)	(103,200)
	131,373	155,550
Motor vehicles	157,908	182,908
Accumulated depreciation	(49,825)	(64,874)
	108,083	118,034
Office furniture and equipment	54,116	54,116
Accumulated depreciation	(43,326)	(42,265)
	10,790	11,851
Plant and equipment	62,465	62,465
Accumulated depreciation	(50,264)	(47,967)
	12,201	14,498
Total property, plant, and equipment	278,610	319,490

NOTE 9 INTANGIBLE ASSETS

	31 Dec 2014 $	30 June 2014 $
Current		
Customer related intangibles – Customer security service contracts	828,000	828,000
Accumulated impairment	(828,000)	(828,000)
	-	-

NOTE 10 TRADE AND OTHER PAYABLES

		31 Dec 2014 $	30 June 2014 $
Current			
Unsecured			
Trade payables	10a	418,499	494,922
Accrued expenses		122,134	100,911
Employee taxes withheld payable		60,691	46,058
Historical ATO liabilities	10c, 16a	714,400	1,049,238
Interest payable	10b	156,605	102,351
Payroll tax liabilities	15e	361,678	274,304
Present net Goods and Services Taxes payable		64,088	74,681
Superannuation payable		350,389	240,154
Other payables		10,037	19,000
		2,258,521	2,401,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 10 TRADE AND OTHER PAYABLES (continued)

a. Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

b. Interest payable includes $64,316 payable to Quicksilver Asset Pty Ltd (**Quicksilver**), which will be offset by amounts owed to the Group by Quicksilver.

c. The Group is presently in the process of organising a payment arrangement with the ATO in respect to payment of the Groups outstanding taxation liabilities.

NOTE 11 SHORT-TERM PROVISONS

	31 Dec 2014 $	30 June 2014 $
Current		
Employee benefits: annual leave	322,625	311,072
Provision for fines and penalty on outstanding superannuation contributions	74,670	39,500
	397,295	350,572

NOTE 12 BORROWINGS

		31 Dec 2014 $	30 June 2014 $
Current			
Hire purchase and finance lease arrangements	12b	54,881	57,458
Less: unexpired interest		(9,194)	(7,114)
Short-term borrowings	12a	263,811	20,068
Loans	12c	2,322,242	1,872,242
Vendor finance	16a	558,476	558,476
		3,190,216	2,501,130
Non-current			
Hire purchase and finance lease arrangements	12b	48,705	64,942
Less: unexpired interest		(3,299)	(5,417)
Director loans		14,958	52,357
Related entity loans		19,609	19,609
		79,973	131,491

a. Short-term borrowings comprise premium funding for insurance policies and short-term finance, repayable within 12 months or less.

b. Loans are secured over the general property of the Group, or in the case of hire purchase and finance lease arrangements, the equipment to which the borrowing relates.

c. Short term loans comprise three facilities on the following terms and conditions:

Lender	Security	Interest rate and type	Loan balance 31 Dec 2014 $	Loan balance 30 June 2014 $
Cape Equity Pty Ltd	General property of the Group	15% pa - simple	587,500	587,500
Quicksilver Asset Pty Ltd	General property of the Group	15% pa - simple	1,137,500	787,500
Siren Nominees Pty Ltd	Nil	12% pa - simple	597,242	497,242
			2,322,242	1,872,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 12 BORROWINGS (continued)

d. The Group has received confirmation from the lenders listed at 12c of the following:

i. There are no penalty rates being enforced on any late payments in respect to the loans;

ii. There are no default clauses being enforced in respect in respect to the loans; and

iii. The loans listed at 12c will not be called within twelve months of signing the financial report, and there are no loan covenant conditions attached to these loans.

NOTE 13 ISSUED CAPITAL

	31 Dec 2014 $	30 June 2014 $
The Company has issued share capital amounting to 17,554 (30 June 2014: 10,000) fully paid ordinary shares at no par value.	1,347,303	1,111,339

a. Capital Management

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by its continued operations. There are no externally imposed capital requirements. The Group is not subject to externally imposed capital requirements.

The working capital positions of the Group at 31 Dec 2014 and 30 June 2014 were as follows:

		31 Dec 2014 $	30 June 2014 $
Cash and cash equivalents	2	70,266	(2,249)
Trade and other receivables	3	613,657	588,132
Inventory	6	66,734	98,177
Trade and other payables	10	(2,258,521)	(2,401,619)
Short-term provisions	11	(397,295)	(350,572)
Short-term borrowings	12	(3,190,216)	(2,501,130)
Working capital position		(5,095,375)	(4,569,261)

NOTE 14 CASH FLOW INFORMATION

	6 months ended 31 Dec 2014 $	12 months ended 30 June 2014 $
a. Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(702,525)	(2,498,074)
Non-cash flows in profit from ordinary activities:		
Impairment	(4,718)	1,198,964
Depreciation	43,179	110,661
Gain /(Loss) on disposal of fixed assets	11,743	-
Write-off of capitalised acquisition costs	-	(33,964)
Reversal of deferred tax liability through income tax	-	(248,400)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	30,307	197,215
(Increase)/decrease in other assets and prepayments	(91,823)	(64,126)
(Increase)/decrease in inventories	31,443	(13,995)
Increase/(decrease) in trade and other payables	(162,047)	848,718
Increase/(decrease) in provisions	46,723	83,806
Cash flow from operations	(797,718)	(419,195)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 14 CASH FLOW INFORMATION (continued)

b. Credit standby facilities

The Group has no credit standby facilities.

c. Non-cash investing and financing activities

The Group has no non-cash investing and financing activities for the six months ended 31 December 2014.

NOTE 15 EVENTS SUBSEQUENT TO REPORTING DATE

a. On 21 April 2015, AVMC (Aust) Pty Ltd, a subsidiary of the Company, entered into an option agreement to purchase the monitored lines, the contracts, and business records (optioned assets) of Hillstone Holdings Pty Ltd. The option must be exercised within 90 days of 21 April 2015. An option fee of $50,000 was paid in this regard.

b. On 21 April 2015, the Company entered into an option agreement with the shareholders of Chilpa Holdings Pty Ltd (**Chipla**) to purchase the shares in Chilpa. The option must be exercised within 60 days of 21 April 2015. An option fee of $280,000 was paid in this regard.

c. On 24 April 2015, the Company entered into a binding term sheet with East Africa Resources Ltd (ACN 060 774 227) (**East Africa**) whereby East Africa would acquire 100% of the Company and its business and assets in a reverse takeover transaction. As consideration for the shares in the Company, East Africa will issue 160,000,000 fully paid ordinary shares in EAF to the shareholders of the Company or their respective nominees

As part of the completion of the acquisition, East Africa must raise a minimum of $5,000,000 (up to $5,500,000) through the issue of 250,000,000 fully paid ordinary shares at a minimum price of S0.02 under a full form prospectus.

Each party will bear its own legal costs in relation to the preparation of the agreements for the implementation of this Transaction. The first $100,000 of costs associated with Transaction will be borne by East Africa. Any further Transaction related costs will be borne by the Company.

d. In May 2015 the Company raised $590,000 through the issue of 59 Convertible Notes each having a face value of $10,000 and an interest rate of 10%. The Convertible Notes have a maturity of 18 months after issue, and are automatically converted into fully paid ordinary shares of East Africa. In the event that completion of the proposed reverse takeover of East Africa does not occur, the Convertible Notes will remain as a debt due by the Company, incurring interest at the rate of 10% pa and are redeemable by Company at maturity or a change in control of the Company.

e. On 19 May 2015, subsequent to the partial payment of its outstanding liability, VIP Security Industries Pty Ltd (a subsidiary of the Company) entered into a payment arrangement with the Western Australian Office of State Revenue on the following terms and conditions being:

- the payment of future liabilities when due;
- the payment of 12 monthly instalments of $19,333 and commencing 1 July 2015; ;
- interest at the current prescribed rate of 10.70% per annum will be calculated daily and imposed when instalment payments are receipted;
- Total interest is estimated to be $12,489; and
- The estimated total amount payable under this arrangement is $232,009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 16 CONTINGENT ASSETS AND LIABILITIES

a. In July 2013, the Company acquired Goldfields Commercial Security Pty Ltd for $1,100,000 (on a debt free basis) with $300,000 payable at completion, and $800,000 payable over 24 monthly instalments. The Company has paid the initial $300,000 and 5 instalments of $33,333, however as of 31 December 2014 is behind on 13 monthly payments. Pursuant to the Share Purchase Agreement the Company is obligated to pay interest of 20% per annum on late payments. The Company has ceased making payments as a result of negotiations regarding contractual duties of the Vendor and related parties as well as clawbacks pursuant to the Share Purchase Agreement, whereby the Purchase Price is to be reduced by $1,000 per Proprietary Line lost during the 24 month period following the Completion Date. Neither the late payment interest liability nor the clawback asset have been booked in the financial report as at 31 December 2014 on the basis they are subject to legal negotiations. As at 31 December 2014, the Company's estimate is that there would be a net receivable of $124,000 owing to the Company however as at the date of this report the outcome is uncertain.

   In addition to the above matters, the Company is indemnified for tax liabilities incurred prior to the acquisition of Goldfields Commercial Security Pty Ltd by the Vendors of the company under the acquisition contract. In respect to the indemnification, the Company has offset $108,192 of tax related liabilities incurred prior to the Company's acquisition.

NOTE 17 COMPANY DETAILS

The registered office and principal place of the Company is:

Street:	Unit 1/8 Fisher Street Belmont WA 6104	Postal:	PO Box 561 Belmont WA 6984 Australia
Telephone:	1300 THREAT 1300 847 328	Facsimile:	+61 (0)8 9322 9711
Email:	info@threatprotect.com.au	Website:	www.threatprotect.com.au

THREAT PROTECT

DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity, and determined that this special purpose financial report should be prepared in accordance with the policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 21 are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) present fairly the Consolidated Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by:

DEMETRIOS PYNES	**PAOLO FERRARA**
Managing Director	Operations Director

Dated this Friday, 5 June 2015

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bentleys.com.au

Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Threat Protect Australia Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report, and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report

To the Members of Threat Protect Australia Pty Ltd *(Continued)*

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Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

Inventory

We were not appointed as auditors of the consolidated entity until after 31 December 2014 and thus did not observe the counting of physical inventories as at the beginning or end of the half year. Furthermore due to limitations in the Entity's accounting system, we were unable to obtain an inventory listing that reconciled to the general ledger at the beginning or end of the half year. As such we were unable to satisfy ourselves by alternative means concerning the inventory quantities and whether the carrying value of the inventory was stated fairly as at 31 December 2014 in the Consolidated Statement of Financial Position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above the financial report presents fairly, in all material respects, the financial position of the Consolidated Entity as at 31 December 2014, and its financial performance for the half year then ended in accordance with the accounting policies described in Note 1 of the financial report.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 1(n.i) in the financial report which indicates that the Consolidated Entity incurred a net loss of $702,525 during the half year ended 31 December 2014 and as at that date had a net asset deficiency of $4,762,025. These conditions, along with other matters as set forth in note 1(n.i), indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1a to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 5th Day of June 2015

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