



29 April 2016

ASX Announcement

Appendix 4C & Quarterly Market and FY16 Guidance Update

Threat Protect Australia Limited (ASX:TPS) ("Threat Protect") is pleased to provide the following quarterly market and FY 16 guidance update.

Activity Highlights

During the quarter Threat Protect recently acquired Sydney-based Integral Risk Group ("IRG") and Perth-based Australian Event Protection ("AEP") from a privately-owned UK-based vendor for a total consideration of \$750,000 comprising \$500,000 in shares and \$250,000 in cash, plus a performance fee payable after 12 months.

The acquisitions of IRG and AEP, which had combined annual revenue of \$7 million in the year to 30 June 2015, were immediately earnings per share-accretive to Threat Protect.

The AEP business has now been fully integrated into Threat Protect and it is expected that IRG will be fully integrated prior to 31 May 2016.

Revenue

Revenue (unaudited) for the quarter ended 31 March 2016 of \$2.01M with March contributing \$0.875M following completion of the AEP / IRG business acquisitions effective 1 March 2016.

FY 16 Earnings Guidance

The Company provides NPAT earnings guidance to the market of an unaudited NPAT figure in the range of \$4.8M loss to \$5.1M loss for the Financial Year ending 30 June 2016. Commentary on this revised guidance as compared to the prospectus forecasts (dated 29 July 2015) of NPAT \$0.837M is set out below.

Commentary on Earnings Guidance

As outlined and foreshadowed in the HY16 investor presentation and half yearly financial report, the NPAT results have been impacted by the accounting standard impact of various corporate transactions, business acquisition and integration costs associated with the reverse takeover, acquisition of monitored lines businesses and the more recent acquisition of the IRG and AEP businesses.

THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227 | ABN 36 060 774 227

Unit 1/8 Fisher Street, Belmont WA 6104 | PO Box 561, Belmont WA 6984
Tel: 1300 847 328 | Fax: +61 8 9322 9711 | Email: info@threatprotect.com.au
Website: www.threatprotect.com.au



The following table summarises the major non-operational expense items impacting earnings for the year ending 30 June 2016.

Item	Amount	Comment
Corporate transaction expenses	\$2.4M	<i>Accounting treatment of the difference between the fair value of consideration paid for Threat Protect business at the date of the RTO and represents a one off, non cash cost to the entity.</i>
Business integration & acquisition expenses	\$0.8M	<i>Costs associated with the acquisition of the Threat Protect business and integrating this new business into the Company.</i>
Share based payments expense	\$0.98M	<i>Non cash expense incurred by the Company in relation the provision of option incentive packages for the board of the Company at the November 2015 annual general meeting.</i>
Other non recurring expenses in the period	\$0.30M	<i>Additional costs incurred by the Company of a one off or extraordinary nature associated with the integration of the new security businesses, organisational change and the listing process.</i>

The Company also notes that the prospectus forecast contained a number of key timing assumptions in relation to the completion of the acquisition of the Threat Protect business and the subsequent completion of the acquisition and integration of the Hillstone and Monitoring Excellence businesses. Delays in the completion and integration of these businesses substantially impacted both revenue and earnings.

While the Company continues to grow its operations on a national basis, trading conditions in the Perth guarding and installation security industry markets have been tighter to date in FY16 than assumed in the Prospectus forecast. The Company has seen a reduction in anticipated income from its traditional guarding business in Perth of approximately 10% as well as competitive pricing pressure in both guarding and security installations in the Perth market impacting on margins.

The full integration of the new IRG and AEP business is expected to provide enhanced opportunity to leverage management overhead across a larger guarding business unit providing increased overall margins in this business unit. Importantly, the acquisition of IRG provides the company with exposure to the more buoyant security market in Sydney.

The Company continues to actively expand its Monitoring business with revenue generated from the acquisition of the monitored business being at or above that assumed in the Prospectus. Costs associated with the operations of the East Perth control room have increased compared to those anticipated in the Prospectus due to the additional (labour) costs associated with integration and maintaining additional operational capacity to enable acquisition and integration of new monitored client bases.



Q4 FY 16 and FY 17 Outlook

The Company expects improved trading conditions and financial performance from existing operations during Q4 and into FY17 resulting from:

1. Operational merger integration efficiencies and organic growth arising from the integration of the Threat Protect, Hillstone, Monitoring Excellence, IRG and AEP businesses positively impacting the Company on a more consistent basis;
2. A continued focus on cost management initiatives at both business line and overall corporate level.

As the Company looks towards FY17 it expects to make a number of earnings accretive acquisitions, many of which will leverage existing capacity in the Perth control room. These acquisitions are currently the subject of due diligence and commercial negotiation.

The Company has received a positive response from a range of private public sector organisations about its recently announced Safe Haven app and associated personal security services. Ongoing commercial negotiations are expected to generate additional revenue, further leveraging existing control room capacity.

For further information, contact:

Demetrios Pynes
Managing Director
Threat Protect Australia Limited
+ 61 414 984 806

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

THREAT PROTECT AUSTRALIA LIMITED (TPS)

ABN

ABN 36 060 774 227

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	1,866	4,625
1.2 Payments for:		
(a) staff costs	(1,083)	(2,511)
(b) advertising and marketing	(33)	(103)
(c) research and development	-	(31)
(d) leased assets	(9)	(33)
(e) other working capital	(928)	(2,805)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	5
1.5 Interest and other costs of finance paid	(58)	(139)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
(a) Historical liabilities repaid	(970)	(1,614)
(b) Payments for non-recurring business integration costs	(539)	(539)
Net operating cash flows	(1,752)	(3,145)
Cash flows related to investing activities		
1.9 Payments for:		
(a) businesses (item 5):	-	-
(i) net cash acquired through 1.9(a)	-	5,210
(ii) cost incurred in respect to 1.9(a)	(250)	(3,862)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other assets	(14)	(14)
1.10 Proceeds from:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	41
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(264)	1,375
1.14 Total operating and investing cash flows	(2,016)	(1,770)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 Months) \$A'000
1.14 Total operating and investing cash flows (brought forward)	(2,016)	(1,770)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares (net of costs)	2,943	2,943
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(82)	(86)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
(a) Proceeds from directors' loans	-	2
(b) Repayment of directors' loans	-	(107)
Net financing cash flows	2,861	2,752
Net increase (decrease) in cash held	845	982
1.21 Cash at beginning of quarter/year to date	181	44
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,026	1,026

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	96
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments made in respect of salaries, superannuation and directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Threat Protect has agreed to acquire the businesses of Sydney-based Integral Risk Group (IRG) and Perth-based Australian Event Protection (AEP) for a total of \$750,000. Threat Protect has paid the vendor \$250,000 in cash and will issue it 16.66 million shares at 3c per share to a value of \$500,000. It will also pay a performance fee equal to 10 percent of non-contracted revenue generated by IRG and AEP for the 12 months to June 2017.

While some operating expenses have been paid by Threat Protect during the quarter already (and are included in the consolidated statement of cash flows above), other expenses as well as the income from the first month of trading in the businesses is being held on trust by the vendors and will be settled on a net basis in the following quarter.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (As per loans disclosed in latest group financial statements)	-	2,021
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,026	181
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,026	181

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration	Nil	Nil
5.3 Consideration for acquisition or disposal	Nil	Nil
5.4 Total net assets	Nil	Nil
5.5 Nature of business	Nil	Nil

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
2. This statement does give a true and fair view of the matters disclosed.



Signed:

Dated: Friday, 29 April 2016

Company Secretary

Print name: Jay Stephenson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. Accounting Standards. ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.