



31 October 2016

ASX Announcement

## Appendix 4C & Quarterly Activity Update

Threat Protect Australia Limited (ASX:"TPS") ("Threat Protect" or "the Company") is pleased to provide the following quarterly market activity update.

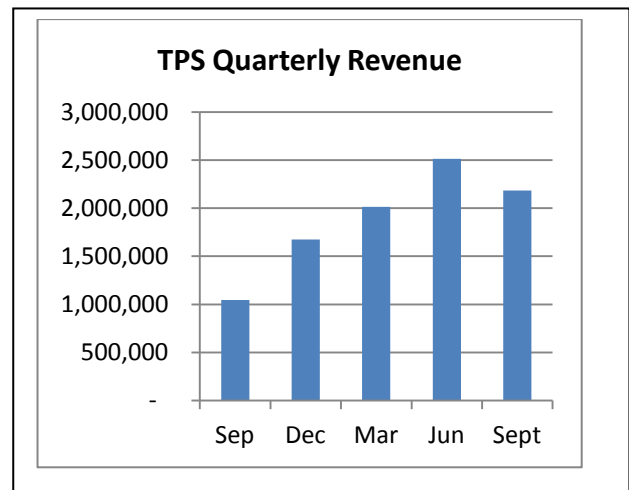
### Activity Highlights

- During the quarter Threat Protect has focused on the acquisition of several monitored security client bases to deliver further benefits of scale in the monitoring division.
- Recent acquisitions have been successfully integrated and the cost base further optimised by utilising the available capacity the Company's A1 graded security control room.
- Threat Protect's focus on operational efficiencies over the quarter provides great opportunity to drive continued growth.

### Operating Review

Threat Protect is primarily focused on the delivery of high quality security services which result in the capture of long term recurring income streams via the electronic monitoring component of those services.

To capture these valuable income streams there is also a requirement to deliver directly or via subcontract the associated services - such as the maintenance of security systems, and personnel based security services (both contracted and events based).



Whilst the monitored security division and contracted personnel security services are very consistent in its recurring revenue, the events based security personnel business does have a seasonal element to its operations. The September quarter is found to be traditionally weaker for the events.

As a result the overall income for the quarter is lower than that of the prior quarter. This lower revenue result however is in line with expectations.

**THREAT PROTECT AUSTRALIA LIMITED**

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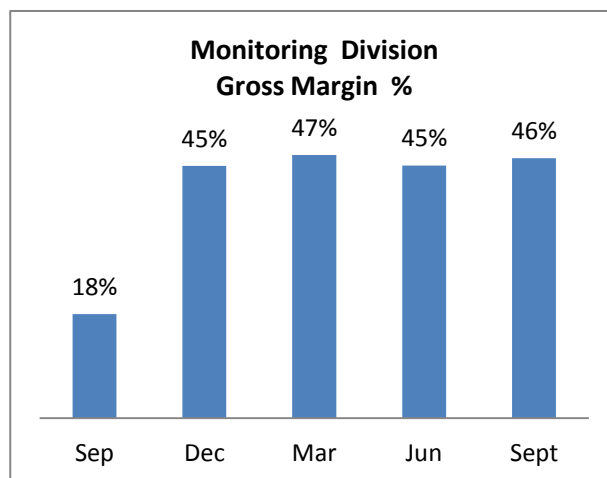
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The Company continues to focus on its core business, by maximising operational efficiencies and utilisation of its Grade A1 security control room. The strategy of acquiring monitored security client bases continued in the quarter with the acquisition of Think Security in July.

Margins from the security monitoring business continue to be strong with a contribution margin of 46% being achieved in the September quarter.

As discussed previously, a major focus of the Company's overall growth strategy is to convert wholesale clients of the electronic monitoring service to retail clients through acquisition.

Such acquisitions have virtually no impact on operating expenses or the capacity of the control room which is currently running at approximately 20%, providing ample scope for further acquisitions of monitored clients.



We anticipate further announcements to the market in the coming months as similar transactions are completed.

### Corporate and Financial Review

During the September 2016 quarter the Company continued with its cost reduction and revenue roll-up initiatives.

The Company's cash position at the end of the September 2016 quarter was \$521,000 as a result of improved cash flow management initiatives. As at 30 September 2016 the Company also has an investment loan facility of \$1.14 million available to fund the successful acquisition growth strategy.

Several funding opportunities are being explored at this time and we expect to be able to update the market in the coming weeks.

### Outlook

The outlook for Threat Protect is very promising, with the business working towards generating regular positive operating cash flows in the coming quarters based on the success of the adopted organic growth and acquisition strategy.

### For further information, contact:

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Managing Director  
Threat Protect Australia Limited  
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## **About Threat Protect Australia Limited**

Threat Protect provides monitored security solutions that ensure the safety of Australian homes and businesses 24 hours a day, 365 days a year.

We have the highest security accreditation that is possible to achieve in Australia and use only state-of-the-art technology and equipment.

Our commitment to providing a complete end-to-end service is second to none, whether you own a small apartment or a giant multi-national headquarters.

- Monitored Security Systems
- Security Personnel
- Corporate Risk Consultancy

We call it “**Security Without Compromise**”.

- Threat Protect is a leading Australian security agency fully licensed by WA and NSW police departments and other national and international bodies.
- We support thousands of residential and business clients in Australia and beyond.
- We'll personally evaluate your security needs.
- All products and services meet Australian Standards.
- 24-hour monitoring from our A1 graded control room in Perth.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Threat Protect Australia Limited

**ABN**

36 060 774 227

**Quarter ended ("current quarter")**

30 September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,599	2,599
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(1,876)	(1,877)
(c) advertising and marketing	(24)	(24)
(d) leased assets	-	-
(e) staff costs	(341)	(341)
(f) administration and corporate costs	(169)	(169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(47)	(47)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>142</b>	<b>142</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(3 months)</b>
			<b>\$A'000</b>
	(d) intellectual property	-	-
	(e) intangible assets	(154)	(154)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(154)</b>	<b>(154)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	146	146
3.6	Repayment of borrowings	(62)	(62)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>84</b>	<b>84</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	449	449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	142	142
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(154)	(154)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	84	84

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<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(3 months)</b>
			<b>\$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>521</b>	<b>521</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1 Bank balances	521	521
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>521</b>	<b>521</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter</b>
<b>\$A'000</b>
80
-

Directors' fees, salaries and superannuation.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter</b>
<b>\$A'000</b>
-
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1. 2,000	2,000
	2. 500	481
	3. 1,275	281
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

1. National Australia Bank Secured Loan. Current Interest Rate 5.255%pa
2. National Australia Bank Secured Working Capital Facility. Current Interest Rate 5.265%pa
3. National Australia Bank Secured Business Acquisition Facility. Current Interest Rate 5.265%pa

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Operating costs	(1,975)
9.3 Advertising and marketing	(7)
9.4 Leased assets	-
9.5 Staff costs	(333)
9.6 Administration and corporate costs	(216)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,531)</b>

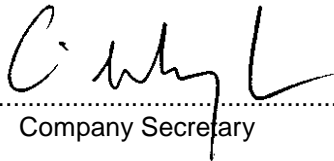
10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
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Company Secretary

Date: 31 October 2016

Print name: Simon Whybrow

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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