

**THREAT PROTECT AUSTRALIA LIMITED**

ABN 36 060 774 227

**Appendix 4D**
**Half-Year Report Period**
**Results for announcement to the Market**
**Reporting Periods**

▲ Current period:	Period ended 31 December 2016
▲ Previous corresponding period:	Period ended 31 December 2015

				31 December 2016 \$'000s	31 December 2015 \$'000s
▲ Revenue	Up	68.48%	to	4,591	2,725
▲ Other Income	Up	Significant	to	901	126
▲ Profit/(Loss) before tax	Up	Significant	to	636	(4,676)
▲ Profit/(Loss) after tax	Up	Significant	to	636	(4,676)
▲ EBITDA	Up	Significant	to	956	(4,399)

**Dividends**

## Current period:

	Amount per security \$	Franked amount \$
▲ Interim Dividend	Nil	N/A
▲ Date the Dividend is Payable:	N/A	N/A
▲ Record Date for determining entitlements to the Dividend:	N/A	N/A

## Previous corresponding period:

▲ Interim Dividend	Nil	N/A
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**Net Tangible Assets (NTA) per Security Dividends**

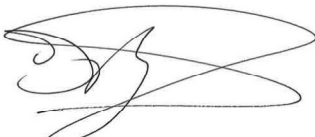
				31 December 2016 ¢	30 June 2016 ¢
NTA backing per ordinary share	Up	43.21%	to	(0.27)	(0.47)

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

Nil

**Commentary on Results**

Full commentary on the results for the reporting period can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2016.


**DEMETRIOS PYNES**

Managing Director

Dated this Monday, 27 February 2017

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# **INTERIM FINANCIAL REPORT**

## for the half-year ended 31 December 2016

The information contained in this condensed report is to be read in conjunction with Threat Protect Australia Limited's 2016 annual report and announcements to the market by Threat Protect Australia Limited during the half-year period ending 31 December 2016



## Corporate directory

### Current Directors

Derek La Ferla	<i>Non-Executive Chairman</i>
Demetrios Pynes	<i>Managing Director</i>
Paolo "Paul" Ferrara	<i>Executive Director</i>
Dimitri Bacopanos	<i>Non-executive Director (Appointed 1 January 2017)</i>
Ian Olson	<i>Non-executive Director (Resigned 29 November 2016)</i>

### Company Secretary

Simon Whybrow

### Registered Office

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](mailto:info@threatprotect.com.au)

Website: [www.threatprotect.com.au](http://www.threatprotect.com.au)

### Principal Place of Business

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

### Securities Exchange

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace  
Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: [www.asx.com.au](http://www.asx.com.au)

ASX Code: TPS

### Share Registry

Link Market Services Limited

Level 4, 152 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 554 474 (investors within Australia)

Telephone: +61 1300 554 474 (international)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Legal Advisors

Lavan Legal

The Quadrant, 1 William Street  
PERTH WA 6000

Telephone: +61 (0)8 9288 6000

Facsimile: +61 (0)8 9288 6001

Website: [www.lavanlegal.com.au](http://www.lavanlegal.com.au)

### Auditors

BDO Audit (WA) Pty Ltd

38 Station Street  
Subiaco WA 6008

Telephone: +61 (0)8 6382 4600

Facsimile: +61 (0)8 6382 4601

Website: [www.bdo.com.au](http://www.bdo.com.au)

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## Directors' report

Your directors present their report on the consolidated entity, consisting of Threat Protect Australia Limited (**Threat Protect or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2016.

### 1. Directors

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

 Derek La Ferla	Non-executive Chairman
 Demetrios Pynes	Managing Director
 Paolo (Paul) Ferrara	Executive Director
 Dimitri Bacopanos	Non-executive Director ( <i>Appointed 1 January 2017</i> )
 Ian Olson	Non-executive Director ( <i>Resigned 29 November 2016</i> )

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

### 2. Operating and financial review

#### 2.1. Operations Review

Total revenue for the half-year of \$5.5 million is in line with expectations and the growth strategy continues to increase the Company's scale of the operations with revenue year-to-date tracking at around 74% of FY2016 total revenue.

Cash generation continues to build momentum with positive cash flow from operations of \$0.94 million, prior to non-recurring outflows of \$0.88 million comprising of legacy related expenses.

Monitoring revenue for the half-year was \$1.7 million and this is expected to grow significantly as the new Eastern states acquisitions are integrated in the second half of the year. Ongoing organic growth of the Company's current monitoring customer base, both directly and through the development of our reseller base continues to improve the existing revenue stream.

Guarding and security consulting revenue has been steadily improving throughout the first half of the year due to the commencement of the summer and new year events calendar. The seasonally strong performance is anticipated to escalate into the March quarter 2017 which includes several high profile events such as the City of Perth Australia Day celebrations.

#### Acquisition Growth Strategy/ Funding

The Company's growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing monitored security business through the acquisition of monitored security client bases across Australia. Security Monitoring is a readily scalable business model whereby new monitoring revenue is able to generate increased margin and significant earnings uplift.

Threat Protect made significant steps in executing its growth strategy by securing a new substantial funding package with a cornerstone investor, and also recently announced a proposed acquisition in the eastern states of Australia that would add considerable scale to the security monitoring business.

In November 2016 the Company announced the securing of a new funding package of up to \$10.5 million to be utilised towards this strategy. This resulted in First Samuel Limited, a Melbourne based wealth management business, becoming a cornerstone shareholder in Threat Protect. The funding package comprised a \$1.5 million (before costs) share placement at 3 cents per share (a premium of 69% to Threat Protect's 30 day VWAP on 2 November 2016), and in aggregate \$9.0 million three year convertible notes to be utilised for future security monitoring acquisitions.

This acquisition facility was immediately put to use in early January when the Company announced that it had entered into option agreements to acquire two major security monitoring businesses in NSW and QLD from Apollo Security Pty Ltd ("Apollo") for approximately \$6.0 million. Apollo's control room in Sydney, NSW services residential and commercial clients in New South Wales and Queensland with anticipated annual recurring security monitoring revenue of \$3.2 million.

The proposed purchase was to be completed in two tranches, comprising \$3.7 million cash on completion after exercising the option, with the remaining balance settled 12 months after completion. The proposed acquisition is to be fully funded by the Company's \$10.5 million acquisition funding facility with First Samuel Limited.

As the proposed acquisition was expected to generate over 100% increase on the Group's monitoring segment revenue for the year ended 30 June 2016, member approval was required under ASX listing rule 11.1.2 due to a change in the scale of activities of the Group.

A General Meeting of Shareholders was held on 23 February 2017 to approve the transaction. Following the resounding approval being received at the meeting, the Company announced the following day it has exercised both options with settlement expected on 1 March 2017.

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## Directors' report

### Non-Executive Director

Mr Dimitri Bacopanos was appointed to the Threat Protect Board in December as a Non-Executive Director. Mr Bacopanos was previously an Executive Director in the Transaction Advisory Services team at Ernst & Young (EY) and has more than 20 years' commercial experience in both private and ASX listed companies, including mergers and acquisitions.

Mr Bacopanos' appointment to the Threat Protect Board follows Ian Olson's resignation as a Non-Executive Director in November 2016 to focus on other business interests.

#### a. Financial position

The Group achieved a profit before tax for the half-year of \$636,108 (December 2015: \$4,676,095 loss), representing an improvement in profitability.

The financial statements have been prepared on a 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. Details of the Company's assessment in this regard can be found in Note 1 Statement of significant accounting policies: Going Concern on page 9.

#### b. Financial position

The net assets of the Group have increased from 30 June 2016 by \$2,061,499 to \$3,186,222 at 31 December 2016 (June 2016: \$1,124,723)

As at 31 December 2016, the Group's cash and cash equivalents increased from 30 June 2016 by \$703,438 to \$1,152,019 at 31 December 2016 (June 2016: \$448,581) and had a working capital deficit of \$444,738 (June 2016: \$3,709,015 working capital deficit).

### 2.2. Events Subsequent to Reporting Date

The Company appointed Dimitri Bacopanos to the Board as an independent Non-Executive Director, effective from 1 January 2017.

On 5 January 2017, the Company announced that it had entered into option agreements to acquire two major security monitoring businesses in NSW and QLD from Apollo Security Pty Ltd ("Apollo") for approximately \$6.0 million.

On 23 February 2017, a general meeting was held where members passed a resolution to approve a change of scale of activities.

On 24 February 2017, the Company exercised both of its options to acquire Apollo's Grade One Security (NSW) and Queensland Security Rangers (QLD).

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 11 - Events subsequent to reporting date on page 17.

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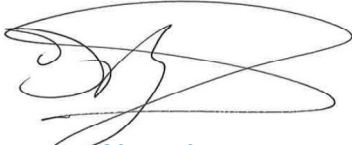
**2.3. Future Developments, Prospects and Business Strategies**

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

**3. Auditor's independence declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2016 has been received and can be found on page 4 of the Interim Financial Report.

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



**DEMETRIOS PYNES**  
Managing Director

Dated this Monday, 27 February 2017

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF THREAT PROTECT AUSTRALIA LIMITED

As lead auditor for the review of Threat Protect Australia Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Threat Protect Australia Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2017

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**Condensed consolidated statement of profit or loss and other comprehensive income**

for half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
<b>Continuing operations</b>			
Revenue	2	4,591,168	2,725,073
Other income	2	901,105	126,471
		5,492,273	2,851,544
Costs of sales		(3,300,862)	(2,168,337)
		2,191,411	683,207
Administrative expenses		(131,606)	(80,410)
Business acquisition and integration costs		(151,294)	(493,335)
Compliance and regulatory costs		(175,100)	(268,504)
Depreciation and amortisation		(217,461)	(79,472)
Employment costs		(565,222)	(602,855)
Finance costs		(98,545)	(227,064)
Impairment recovery / (expense)		(4,105)	29,812
Legal and consulting fees		(29,647)	(47,339)
Marketing and business development		(38,506)	(64,272)
Occupancy costs		(143,817)	(134,870)
Share-based payments		-	(983,549)
Corporate transaction accounting expense		-	(2,407,444)
Profit before tax		636,108	(4,676,095)
Income tax benefit / (expense)		-	-
<b>Net profit / (loss) for the half-year</b>		<b>636,108</b>	<b>(4,676,095)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss:		-	-
Items that may be reclassified subsequently to profit or loss:		-	-
<b>Other comprehensive income for the half-year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>636,108</b>	<b>(4,676,095)</b>
<b>Earnings per share:</b>			
Basic and diluted earnings / (loss) per share (cents per share)		0.09	(1.04)

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

**Condensed consolidated statement of financial position**  
as at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		1,152,019	448,581
Trade and other receivables		2,074,345	1,138,018
Financial assets		167,969	167,969
Inventories		22,090	13,005
Other current assets		414,954	137,764
<b>Total current assets</b>		<b>3,831,377</b>	<b>1,905,337</b>
<b>Non-current assets</b>			
Plant and equipment		354,412	375,962
Intangible assets	4	5,260,655	4,541,180
<b>Total non-current assets</b>		<b>5,615,067</b>	<b>4,917,142</b>
<b>Total assets</b>		<b>9,446,444</b>	<b>6,822,479</b>
<b>Current liabilities</b>			
Trade and other payables		2,090,542	1,803,249
Provisions		1,028,719	1,027,277
Borrowings	5	1,156,854	2,783,826
<b>Total current liabilities</b>		<b>4,276,115</b>	<b>5,614,352</b>
<b>Non-current liabilities</b>			
Provisions		83,498	63,795
Borrowings	5	1,900,609	19,609
<b>Total non-current liabilities</b>		<b>1,984,107</b>	<b>83,404</b>
<b>Total liabilities</b>		<b>6,260,222</b>	<b>5,697,756</b>
<b>Net assets</b>		<b>3,186,222</b>	<b>1,124,723</b>
<b>Equity</b>			
Issued capital	6	14,710,087	13,284,696
Reserves		983,549	983,549
Accumulated losses		(12,507,414)	(13,143,522)
<b>Total equity</b>		<b>3,186,222</b>	<b>1,124,723</b>

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

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**Condensed consolidated statement of changes in equity**  
for the half-year ended 31 December 2016

	Note	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total \$
<b>Balance at 1 July 2015</b>		1,347,303	(7,772,412)	-	(6,425,109)
Loss for the half-year attributable owners of the parent		-	(4,676,095)	-	(4,676,095)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
<b>Total comprehensive income for the half-year attributable owners of the parent</b>		-	(4,676,095)	-	(4,676,095)
<b>Transaction with owners, directly in equity</b>					
Shares issued during the half-year		8,587,029	-	-	8,587,029
Transaction costs		(40,171)	-	-	(40,171)
Options issued during the period		-	-	983,549	983,549
<b>Balance at 31 December 2015</b>		9,894,161	(12,448,507)	983,549	(1,570,797)
<b>Balance at 1 July 2016</b>		13,284,696	(13,143,522)	983,549	1,124,723
Profit for the half-year attributable owners of the parent		-	636,108	-	636,108
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
<b>Total comprehensive income for the half-year attributable owners of the parent</b>		-	636,108	-	636,108
<b>Transaction with owners, directly in equity</b>					
Shares issued during the half-year		1,500,000	-	-	1,500,000
Transaction costs		(74,609)	-	-	(74,609)
<b>Balance at 31 December 2016</b>	6	14,710,087	(12,507,414)	983,549	3,186,222

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

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	5,063,054	2,900,426
Interest received	1,709	2,508
Interest and borrowing costs paid	(253,258)	(136,164)
Payments to suppliers and employees	(4,748,130)	(3,734,113)
<b>Net cash provided by operating activities</b>	<b>63,375</b>	<b>(967,343)</b>
<b>Cash flows from investing activities</b>		
Purchase of subsidiary, net of cash acquired	-	2,411,161
Purchase of intangible assets	(812,760)	(612,767)
Proceeds from disposal of plant and equipment	5,480	36,081
Purchase of plant and equipment	(8,610)	(30,131)
<b>Net cash used in investing activities</b>	<b>(815,890)</b>	<b>1,804,344</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares	1,425,391	(40,171)
Proceeds from borrowings	146,000	-
Repayment of borrowings	(115,438)	(664,030)
<b>Net cash provided by financing activities</b>	<b>1,455,953</b>	<b>(704,201)</b>
<b>Net increase in cash held</b>	<b>703,438</b>	<b>132,800</b>
Cash and cash equivalents at the beginning of the half-year	448,581	51,338
<b>Cash and cash equivalents at the end of the half-year</b>	<b>1,152,019</b>	<b>184,138</b>

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

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**Notes to the consolidated financial statements**  
for the half-year ended 31 December 2016**Note 1 Statement of significant accounting policies**

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

The financial statements were authorised for issue on 27 February 2017 by the directors of the Company.

**a. Basis of preparation**

This interim financial report is intended to provide users with an update on the latest annual financial statements of Threat Protect Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

**i. Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**ii. Going Concern**

The condensed consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The financial statements have been prepared on a 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.

As at 31 December 2016, the Group's cash and cash equivalents increased from 30 June 2016 by \$703,438, to \$1,152,019 at 31 December 2016 (June 2016: \$448,581) and had a working capital deficit of \$444,738 (June 2016: \$3,709,015 working capital deficit). The Group achieved a profit for the half-year of \$636,108 (December 2015: \$4,676,095 loss) and had a net cash out-flow from operating and investing activities of \$752,515 (December 2015: \$837,001 in-flow) with \$812,760 relating directly to the Group's investment in intangible assets. The net assets of the Group have increased from 30 June 2016 by \$2,061,499 to \$3,186,222 at 31 December 2016 (June 2016: \$1,124,723).

The ability of the Company and the Consolidated Group to continue to pay its debts as and when they fall due is dependent upon the Consolidated Group successfully 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 significant doubt about the ability of the Consolidated Group to continue as a going concern.

Based on a cash flow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows as well as the following factors:

- ▲ The \$9.0 million convertible note facility currently available will be used to fund acquisition, integration and related costs which currently form part of operating cash flows
- ▲ In December 2016 the Group successfully raised \$1,425,391 after costs from the issue of ordinary shares at \$0.03 per share and believes that it has the ability to do so in the future if required through the strong support of its shareholders
- ▲ The Group expects to acquire new businesses in the coming period which will contribute positively to the Group results
- ▲ Business acquisition and integration costs are to be minimal in relation to past acquisitions as these businesses have now been fully integrated
- ▲ It is expected that the Group's operations will become cash flow positive in the coming period
- ▲ The Group will continue to seek out additional acquisition opportunities in order to take advantage of economies of scale and improve the profitability of the Group

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**Notes to the consolidated financial statements**

for the half-year ended 31 December 2016

**Note 1 Statement of significant accounting policies**

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

**b. Impact of standards issued but not yet applied by the entity**

There were no new standards issued since 30 June 2016 that have been applied by Threat Protect. The 30 June 2016 annual report disclosed that Threat Protect anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

**c. Critical Accounting Estimates and Judgments**

The following critical estimates and judgements have been employed in the preparation of the 31 December 2016 financial report:

**i. 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 no material impairment was required.

**ii. 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 condensed consolidated financial statements  
for the half-year ended 31 December 2016

Note 2 Revenue and other income

a. Revenue

Sales revenue  
Interest

b. Other Income

Gain on sale of property, plant, and equipment  
Supplier bonuses  
Government grants  
Other

	31 December 2016 \$	31 December 2015 \$
	4,589,459	2,722,565
	1,709	2,508
	4,591,168	2,725,073
	5,455	36,081
	-	50,890
	895,624	-
	26	39,500
	901,105	126,471

Note 3 Profit / (loss) before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

a. Depreciation and amortisation:

▀ Depreciation and amortisation of plant and equipment  
▀ Amortisation of intangibles

b. Employment costs:

▀ Directors remuneration included in employment costs  
▀ Increase / (decrease) in employee benefits provisions  
▀ Wages, salaries and superannuation  
▀ Other employment related costs

Note

	31 December 2016 \$	31 December 2015 \$
	67,176	51,822
	150,285	27,650
	217,461	79,472
	118,676	139,838
	39,153	1,115
	364,440	417,887
	42,953	44,015
	565,222	602,855

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 4 Intangible assets

	Trademarks	Software development assets	Monitoring development assets	Customer related Intangible Assets	Goodwill	Total
	\$	\$	\$	\$	\$	\$
<b>Half-year ended 31 December 2016</b>						
Intangible asset	6,065	360,393	334,416	3,050,174	2,664,153	6,415,201
Accumulated amortisation	(708)	(20,796)	-	(305,043)	-	(326,547)
Accumulated impairment	-	-	-	(828,000)	-	(828,000)
<b>Carrying amount at the end of the half-year</b>	<b>5,357</b>	<b>339,598</b>	<b>334,416</b>	<b>1,917,131</b>	<b>2,664,153</b>	<b>5,260,655</b>
Carrying amount at the beginning of the half-year	6,065	67,818	-	1,803,144	2,664,153	4,541,180
Additions during the half-year	-	282,345	334,416	253,000	-	869,761
Disposals during the half-year	-	-	-	-	-	-
Amortisation expense	(708)	(10,565)	-	(139,013)	-	(150,286)
<b>Carrying amount at the end of the half-year</b>	<b>5,357</b>	<b>339,598</b>	<b>334,416</b>	<b>1,917,131</b>	<b>2,664,153</b>	<b>5,260,655</b>
<b>Year ended 30 June 2016</b>						
Intangible asset	6,065	78,049	-	2,797,174	2,664,153	5,545,441
Accumulated amortisation	-	(10,231)	-	(166,030)	-	(176,261)
Accumulated impairment	-	-	-	(828,000)	-	(828,000)
<b>Carrying amount at the end of the year</b>	<b>6,065</b>	<b>67,818</b>	<b>-</b>	<b>1,803,144</b>	<b>2,664,153</b>	<b>4,541,180</b>
Carrying amount at the beginning of the year	-	-	-	-	-	-
Additions during the year	6,065	78,049	-	1,969,174	2,664,153	4,717,441
Disposals during the year	-	-	-	-	-	-
Amortisation expense	-	(10,231)	-	(166,030)	-	(176,261)
<b>Carrying amount at the end of the year</b>	<b>6,065</b>	<b>67,818</b>	<b>-</b>	<b>1,803,144</b>	<b>2,664,153</b>	<b>4,541,180</b>

Prior period

Details of provisional amounts were disclosed in Note 2: Business Combinations of the Group's annual financial statements for the year ended 30 June 2016. There have been no significant adjustments made to any of these provisional amounts in the current reporting period and the acquisitions remain provisionally accounted for in these interim financial statements.

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 5 Borrowings

		31 December 2016 \$	30 June 2016 \$
<b>Current</b>			
Hire purchase and finance lease arrangements		145,132	145,811
Less: unexpired interest		(20,470)	(23,631)
Short-term borrowings	5a	151,192	45,646
Working capital facility	5b	481,000	481,000
Group loan facilities – repayable < 12 months	5c	400,000	2,135,000
		<b>1,156,854</b>	<b>2,783,826</b>
<b>Non-current</b>			
Group loan facilities – repayable > 12 months	5c	1,881,000	-
Related entity loans		19,609	19,609
		<b>1,900,609</b>	<b>19,609</b>

- a. Short-term borrowings comprise premium funding for insurance policies and equipment finance, repayable within 12 months.
- b. Working capital facility comprises a \$500,000 working capital facility issued by National Australia Bank. \$19,000 remains available as at 31 December 2016 (30 June 2016: \$19,000) Interest is currently payable at 5.35% per annum, and drawings are repayable 12 months from the commencement date.
- c. Group loans comprise these facilities on the following terms and conditions:

Lender	Security	Interest rate and type	Loan balance	
			31 December 2016 \$	30 June 2016 \$
National Australia Bank	Business Acquisition Facility	5.35% pa	281,000	135,000
National Australia Bank	Group Loan Refinancing Facility	5.37% pa	2,000,000	2,000,000
			<b>2,281,000</b>	<b>2,135,000</b>

The National Australia Bank Business Acquisition Facility has a limit of \$1,275,000 (\$994,000 available at reporting date)

The National Australia Bank Group Loan Refinancing Facility totals \$2,000,000 and is fully drawn at reporting date.

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 6 Issued capital

Note

	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
Fully paid ordinary shares at no par value	771,898,331	721,898,331	14,710,087	13,284,696
	6 months to 31 December 2016 No.	12 months to 30 June 2016 No.	6 months to 31 December 2016 \$	12 months to 30 June 2016 \$
a. Ordinary shares				
At the beginning of the period	721,898,331	17,554	13,284,696	1,347,303
Balance before reverse acquisition	-	17,554	-	1,347,303
Elimination of existing legal acquiree (TPG) shares	-	(17,544)	-	-
Shares of legal acquirer (Threat Protect) at acquisition date	-	368,198,180	-	-
Issue of shares to TPG vendors	-	165,000,000	-	7,363,964
Settlement of accrued liabilities	-	15,565,653	-	311,313
Part settlement of borrowings	-	15,000,000	-	300,000
Conversion of notes	-	38,234,503	-	611,752
16 February 2016 share issue	-	102,899,995	-	3,087,000
22 February 2016 share issue	-	333,334	-	10,000
31 May 2016 share issue	-	16,666,666	-	500,000
7 November 2016 share issue	30,000,000	-	900,000	-
2 December 2016 share issue	20,000,000	-	600,000	-
Transaction costs relating to share issues	-	-	(74,609)	(246,636)
At reporting date	771,898,331	721,898,331	14,710,087	13,284,696

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**Notes to the condensed consolidated financial statements**  
for the half-year ended 31 December 2016**Note 7 Operating segments**

## a. Segment Performance

**Half-Year ended 31 December 2016**

## Revenue

Revenue

Total segment revenue

## Reconciliation of segment to group revenue

Interest

Other income

Total group revenue and other income

## Segment net profit / (loss) from continuing operations before tax

(i) Amounts not included in segment results but reviewed by Board:

Interest

Other income

Administrative expenses

Business acquisition and integration costs

Compliance and regulatory costs

Depreciation and amortisation

Employee benefits

Finance costs

Impairment

Legal and consulting fees

Marketing and business development

Occupancy expenses

Profit before income tax

	Monitoring \$	Guarding \$	Services \$	Total \$
Revenue	1,699,438	2,626,860	263,161	4,589,459
Total segment revenue	1,699,438	2,626,860	263,161	4,589,459
Reconciliation of segment to group revenue				
Interest				1,709
Other income				901,105
Total group revenue and other income				5,492,273
Segment net profit / (loss) from continuing operations before tax	1,065,480	153,816	69,301	1,288,596
(i) Amounts not included in segment results but reviewed by Board:				
Interest				1,709
Other income				901,105
Administrative expenses				(131,606)
Business acquisition and integration costs				(151,294)
Compliance and regulatory costs				(175,100)
Depreciation and amortisation				(217,461)
Employee benefits				(565,222)
Finance costs				(98,545)
Impairment				(4,105)
Legal and consulting fees				(29,647)
Marketing and business development				(38,506)
Occupancy expenses				(143,817)
Profit before income tax				636,108

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 7 Operating segments (cont.)

Half-Year ended 31 December 2015

Revenue

Revenue

Total segment revenue

Reconciliation of segment to group revenue

Interest

Intra-segment income and expense

Other income

Total group revenue and other income

Segment net profit / (loss) from continuing operations before tax

Reconciliation of segment loss to group loss

Intra-segment income and expense

(ii) Amounts not included in segment results but reviewed by Board:

Other income

Administrative expenses

Business acquisition and integration costs

Compliance and regulatory costs

Depreciation and amortisation

Employee benefits

Finance costs

Impairment recovery / (expense)

Legal and consulting fees

Marketing and business development

Occupancy costs

(iii) Unallocated items

Interest

Share-based payments

Corporate transaction accounting expense

Loss before income tax

b. Segment Assets and Liabilities

As at 31 December 2016

Segment Assets

Reconciliation of segment to group assets

Unallocated assets

Total assets

Segment Liabilities

Reconciliation of segment to group liabilities

Unallocated liabilities

Total liabilities

	Monitoring \$	Guarding \$	Services \$	Total \$
Revenue	1,308,454	1,211,725	330,938	2,851,117
Total segment revenue	1,308,454	1,211,725	330,938	2,851,117
Reconciliation of segment to group revenue				
Interest				2,508
Intra-segment income and expense				(128,552)
Other income				126,471
Total group revenue and other income				2,851,544
Segment net profit / (loss) from continuing operations before tax	441,878	180,513	(22,310)	600,081
Reconciliation of segment loss to group loss				
Intra-segment income and expense				(45,853)
(ii) Amounts not included in segment results but reviewed by Board:				
Other income				126,471
Administrative expenses				(80,410)
Business acquisition and integration costs				(493,335)
Compliance and regulatory costs				(268,504)
Depreciation and amortisation				(79,472)
Employee benefits				(602,855)
Finance costs				(227,064)
Impairment recovery / (expense)				29,812
Legal and consulting fees				(47,339)
Marketing and business development				(64,272)
Occupancy costs				(134,870)
(iii) Unallocated items				
Interest				2,508
Share-based payments				(983,549)
Corporate transaction accounting expense				(2,407,444)
Loss before income tax				(4,676,095)

	Monitoring \$	Guarding \$	Services \$	Total \$
Segment Assets	4,677,938	1,451,911	369,514	6,499,363
Reconciliation of segment to group assets				
Unallocated assets				2,947,082
Total assets				9,446,445
Segment Liabilities	657,075	650,146	25,734	1,332,954
Reconciliation of segment to group liabilities				
Unallocated liabilities				4,927,269
Total liabilities				6,260,223

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**Notes to the condensed consolidated financial statements**  
for the half-year ended 31 December 2016**Note 7 Operating segments (cont.)****As at 30 June 2016**

	Monitoring \$	Guarding \$	Services \$	Total \$
<b>Segment Assets</b>	4,402,179	2,116,205	-	6,518,384
<i>Reconciliation of segment to group assets</i>				
Unallocated assets				304,095
<b>Total assets</b>				6,822,479
<b>Segment Liabilities</b>	547,595	337,490	25,515	910,600
<i>Reconciliation of segment to group liabilities</i>				
Unallocated liabilities				4,787,156
<b>Total liabilities</b>				5,697,756

**Note 8 Commitments**

There have been no changes in the Company's commitments since the year ended 30 June 2016.

**Note 9 Related Party**

There have been no significant changes to related party transactions since the year ended 30 June 2016.

**Note 10 Contingent liabilities**

There have been no changes in the Company's contingent liabilities since the year ended 30 June 2016.

**Note 11 Events subsequent to reporting date**

The Company appointed Dimitri Bacopanos to the Board as an independent Non-Executive Director, effective from 1 January 2017. Mr Bacopanos was previously an Executive Director in the Transaction Advisory Services team at Ernst & Young (EY) and has more than 20 years' commercial experience in both private and ASX listed companies, including mergers and acquisitions.

On 5 January 2017, the Company announced that it had entered into option agreements to acquire two major security monitoring businesses in NSW and QLD from Apollo Security Pty Ltd ("Apollo") for approximately \$6.0 million. Apollo's control room in Sydney, NSW services residential and commercial clients in New South Wales and Queensland with anticipated annual recurring security monitoring revenue of \$3.2 million. The proposed purchase was to be completed in two tranches, comprising \$3.7 million cash on completion after exercising the option, with the remaining balance settled 12 months after completion. The proposed acquisition is to be fully funded by the Company's \$10.5 million acquisition funding facility with First Samuel Limited which was announced on 3 November 2016. As the proposed acquisition was expected to generate over 100% increase on the Group's monitoring segment revenue for the year ended 30 June 2016, member approval was required under ASX listing rule 11.1.2 due to a change in the scale of activities of the Group.

On 23 February 2017, a general meeting was held and members passed a resolution to approve a change of scale of activities.

On 24 February 2017, the Company exercised both of its options to acquire Apollo's Grade One Security (NSW) and Queensland Security Rangers (QLD) as per the above described option agreements. It is expected that the acquisitions will be immediately earnings per share accretive and will positively contribute to the Group's revenue and earnings for the year ended 30 June 2017.

There are no other material events subsequent to reporting date.

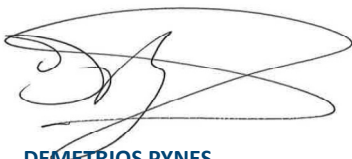
**Directors' declaration**

The Directors of the Company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**DEMETRIOS PYNES**

Managing Director

Dated this Monday, 27 February 2017

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Threat Protect Australia Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Threat Protect Australia Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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 Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Threat Protect Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Threat Protect Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Threat Protect Australia Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo.

Dean Just

Director

Perth, 27 February 2017

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