

## Quarterly Activities Report and Appendix 4C Quarter ended: 30 June 2017

### About Threat Protect

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 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 giant multi-national headquarters.

- Monitored Security Systems
- Security Personnel
- Corporate Risk Consultancy

We call it **"Security Without Compromise"**.

### GROWTH STRATEGY

The Australian security industry is highly fragmented and Threat Protect believes is conducive to consolidation, given its stable revenue streams and fixed infrastructure cost model.

Threat Protect's growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing extensive security control room through acquisition of monitored security client bases across Australia.

### Record Quarter Drives Strong Revenue Growth

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

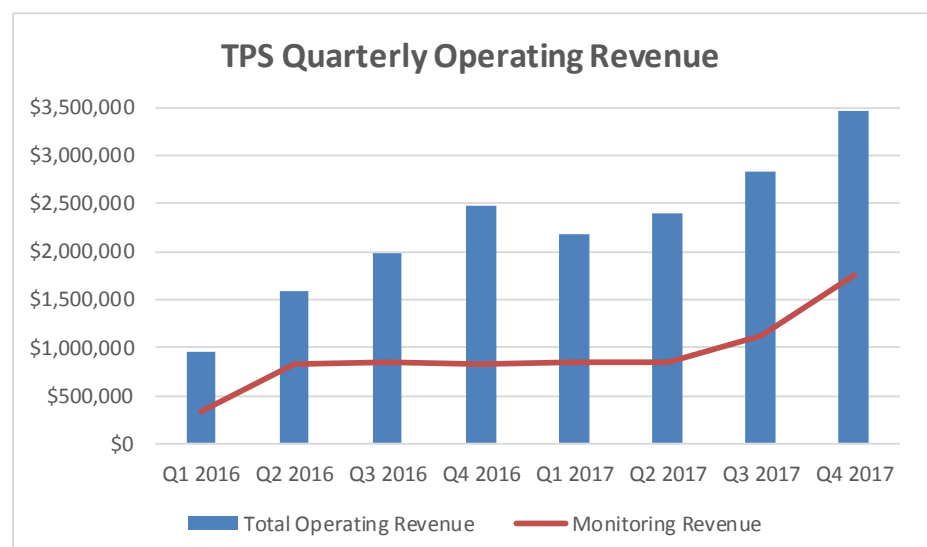
#### HIGHLIGHTS

- Record quarterly operating revenue of \$3.5 million, up 25% on previous quarter and up 39% on prior year quarter.
- Total revenue for June quarter of \$4.0 million, delivering a 75% increase in FY17 total revenue to \$13.0 million.
- Positive operating cash flow of \$1.2 million for the quarter.
- Cash at bank increased to \$1.2 million at 30 June 2017 with a further \$0.8 million YE 2016 R&D Tax Incentive Claim received subsequent to quarter end.

#### OPERATING REVIEW

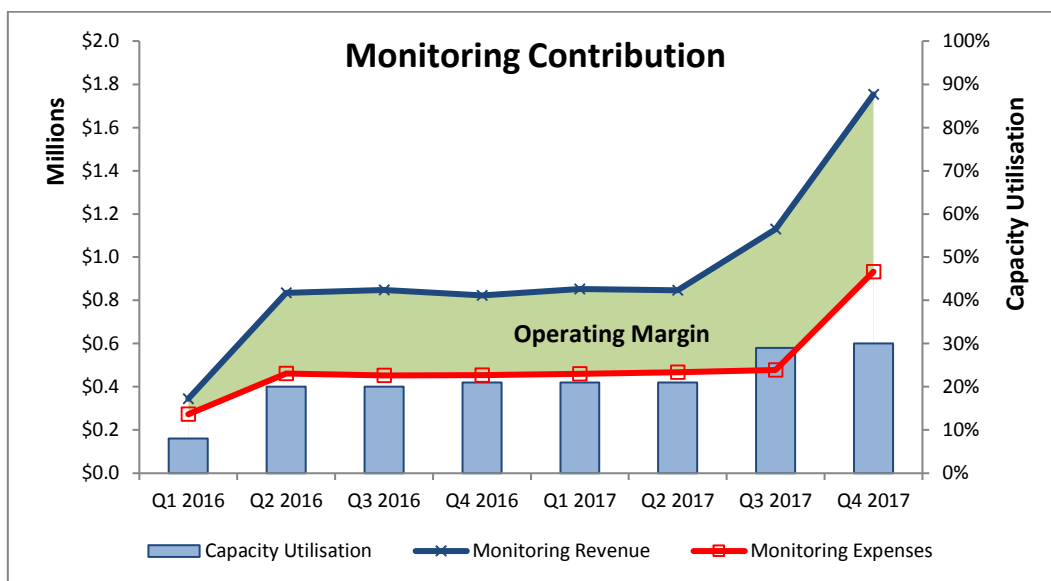
Threat Protect continued its positive growth trend with total operating revenue for the quarter of \$3.5 million, a 25% increase on the prior quarter and the third consecutive quarter of strong positive growth.

Monitoring revenue for the March quarter was \$1.8 million compared to \$1.1 million in the previous quarter, reflecting the positive impact of the recently completed Apollo acquisition.



Manning and consulting revenue remained seasonally strong with revenue in the June quarter of \$1.7m, compared to \$1.6m in the March quarter and \$1.4m in the December quarter.

In addition, Other Revenue of \$0.6 million includes the recovery of outstanding 90+ day Apollo debtors. This directly relates to debtor balances Threat Protect acquired for \$0.5 million, at a discount to face value, as part of the Apollo acquisition.



### INTEGRATION OF APOLLO SECURITY

During the quarter, the Company has continued the successful integration of Apollo Security Pty Ltd’s Grade One Security and Queensland Security Rangers.

The acquisition enhances Threat Protect’s national presence, by increasing security monitoring servicing to over 38,000 residential and commercial customers throughout Australia, including a national distribution network of approximately 480 resellers.

Integration of the businesses is continuing, positioning Threat Protect as the only security company with monitoring control rooms on both the East and West coast of Australia. Utilising advanced technology developed to allow the stations to “mirror” each other, there is a superior redundancy capability of the business.

Both control rooms have also been graded to the highest level “A1” under Australian standards.

Threat Protect is continuing to actively pursue its growth strategy 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.

The Company continues to pursue various acquisition opportunities with a view to further increasing scale and margin uplift.

### CORPORATE AND FINANCIAL

With most of the work completed on the acquisition, integration and settlement of the Apollo businesses during the March quarter, a more normalised operating result was achieved during the June quarter.

## Quarterly Report: June 2017

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A full quarter contribution from the Apollo businesses, as well as operational efficiencies and integration benefits, contributed to positive operating cash flow of \$1.2 million.

Cash at bank increased to \$1.2 million at the end of June and was further enhanced by the receipt of \$0.8 million subsequent to quarter end for a Research and Development Tax Incentive Claim for FY 2016.

During the quarter the Company also issued 7,525,000 shares to eligible employees in accordance with Threat Protect's 2016 Employee Share Plan.

- End -

For further information, contact:

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## 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 June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,909	12,318
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(1,784)	(7,920)
(c) advertising and marketing	(42)	(110)
(d) leased assets	-	-
(e) staff costs	(317)	(1,181)
(f) administration and corporate costs	(244)	(690)
1.3 Dividends received (see note 3)		-
1.4 Interest received	4	6
1.5 Interest and other costs of finance paid	(50)	(198)
- Interest accrued in prior periods repaid	-	(155)
1.6 Income taxes paid		-
1.7 Government grants and tax incentives		-
1.8 Other (provide details if material)		
- Business acquisition & integration costs	(146)	(369)
- Taxation and employee obligations repaid relating to prior periods	(110)	(970)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,220</b>	<b>731</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(20)	(53)
(b) businesses (see item 10)	-	(4,200)
(c) investments	-	-
(d) intellectual property	-	-
(e) intangible assets	(425)	(1,556)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	5
(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 Net cash from / (used in) investing activities</b>	<b>(445)</b>	<b>(5,804)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	1,500
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	(7)	(86)
3.5 Proceeds from borrowings	-	4,646
3.6 Repayment of borrowings	(97)	(273)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(104)</b>	<b>5,787</b>

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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4. 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	492	449
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,220	731
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(445)	(5,804)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(104)	5,787
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,163</b>	<b>1,163</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,163	492
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,163</b>	<b>492</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	80
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	20
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees, salaries and superannuation. Repayment of loan to director-related entity.

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<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	1. 1,600 2. 500 3. 1,275	1,600 481 681
8.2 Credit standby arrangements	-	-
8.3 Other	4. 9,000,000	4,500,000

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 5.370%pa
2. National Australia Bank Secured Working Capital Facility. Current Interest Rate 5.351%pa
3. National Australia Bank Secured Business Acquisition Facility. Current Interest Rate 5.351%pa
4. Unsecured Convertible Note (issued by First Samuel Limited on behalf of its MDA clients). Interest rate 9.0% pa.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Operating costs	(2,886)
9.3 Advertising and marketing	(10)
9.4 Leased assets	-
9.5 Staff costs	(214)
9.6 Administration and corporate costs	(236)
9.7 Repayment of borrowings	-
<b>9.8 Total estimated cash outflows</b>	<b>(3,346)</b>

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal <sup>1</sup>		
10.4 Total net assets		
10.5 Nature of business		

**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:  .....  
Company Secretary

Date: 27 July 2017

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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