



## ASX ANNOUNCEMENT

30 August 2017

### Threat Protect announces FY2017 profit

#### Highlights

- Operating Revenue of \$11.5 million for FY2017, up 58% on prior year.
- EBITDA of \$2.7 million (FY2016: EBITDA loss \$5.1 million).
- Reported NPAT of \$1.7 million (FY2016: Net Loss After Tax \$5.4 million).
- Increased cash position to \$1.2 million at 30 June 2017, up from \$0.4 million at 30 June 2016.
- Successful execution of acquisition growth strategy with expansion in national Security Monitoring operations together with strong growth in Guarding and Services revenue.
- Actively pursuing new acquisition opportunities to increase scale of operations and drive further earnings growth.

Threat Protect Australia Limited (“**Threat Protect**” or the “**Company**”) (ASX:” **TPS**”) is pleased to announce its Preliminary Financial Report results for the financial year ended 30 June 2017 with a strong turnaround in reported profit, positive momentum in cash flow generation, and continued progress in the execution of its growth strategy.

This report is based on financial accounts which are in the process of being audited.

#### Financial Performance

Operating revenue for the financial year was \$11.5 million, up 58% on FY2016 revenue of \$7.2 million. Total revenue after including other income was up 74% to \$12.9 million.

Reported Net Profit After Tax (NPAT) for FY2017 was \$1.7 million, a significant turnaround on the \$5.4 million loss reported in FY2016, which was impacted by accounting and acquisition expenses associated with the Company’s listing on the ASX that year.

Reported EBITDA was positive \$2.7 million (EBITDA loss \$5.1 million in FY2016), which was consistent with the turnaround in NPAT. This also included all business acquisition and integration costs incurred during the period of approximately \$0.7 million.

Growth momentum remained positive during FY2017 with increased revenue and profit contributions in the second half of the year relative to the first half, as the growth strategy continues to increase the Company’s scale of operations.

Operating cash flow of \$1.3 million contributed to an overall net increase in cash from \$0.5 million to \$1.2 million as at 30 June 2017.

#### THREAT PROTECT AUSTRALIA LIMITED

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Tel: 1300 847 328 | Fax: +61 8 9322 9711 | Email: [info@threatprotect.com.au](mailto:info@threatprotect.com.au)  
Website: [www.threatprotect.com.au](http://www.threatprotect.com.au)

Monitoring revenue was up 84% year-on-year to \$5.2 million, as the Apollo Security Pty Ltd's Grade One Security and Queensland Security Rangers lines were integrated in the second half of the year. Monitoring revenue in the second half was more than double the first half.

Threat Protect enhanced its national presence over FY2017 and is now the only security company with monitoring control rooms on both the East and West coast of Australia, each graded to the highest level "A1" under Australian standards.

The Company remains focussed on growing the current monitoring customer base organically and through targeted acquisitions as a part of its broader growth strategy.

| Profit & Loss Summary (A\$'000) | 1H2017<br>\$'000 | 2H2017<br>\$'000 | FY2017<br>\$'000 | FY2016<br>\$'000 | YOY<br>Change % |
|---------------------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>Operating Revenue</b>        | <b>4,591</b>     | <b>6,887</b>     | <b>11,478</b>    | <b>7,245</b>     | <b>58%</b>      |
| Monitoring Revenue              | 1,699            | 3,540            | 5,239            | 2,845            | 84%             |
| Guarding and Services           | 2,890            | 3,342            | 6,232            | 4,394            | 42%             |
| Other Income                    | 903              | 540              | 1,442            | 164              |                 |
| <b>Total Reported Revenue</b>   | <b>5,492</b>     | <b>7,422</b>     | <b>12,914</b>    | <b>7,404</b>     | <b>74%</b>      |
| <b>EBITDA</b>                   | <b>950</b>       | <b>1,788</b>     | <b>2,739</b>     | <b>-5,098</b>    |                 |
| Profit Before Tax               | 636              | 880              | 1,516            | -5,749           |                 |
| <b>NPAT</b>                     | <b>636</b>       | <b>1,056</b>     | <b>1,692</b>     | <b>-5,371</b>    |                 |

A seasonally strong performance in the March quarter that included major summer events in the West Australian events calendar was the main driver for an improved second half from Guarding and Consulting Services. The segment delivered YOY revenue growth of 42% to \$6.2 million, and was up 16% in the second half of the year relative to the first half.

While Guarding and Services remains an important part of Threat Protect's integrated service offering, the higher margin Monitoring business increased its share of group revenue to 46% in FY2017 from 39% in 2016. This is expected to continue into 2018 as the Company continues to execute on its acquisition growth strategy.

Threat Protect's Managing Director Demetrios Pynes commented, "Threat Protect has reported a strong turnaround in earnings, and I'm pleased to say that this reflects underlying growth in the business.

"The monitoring business saw strong positive growth momentum in both the first half and in the second half of the year as we integrated new acquisitions, and our contracted Guarding business also maintained a strong position delivering excellent revenue growth in a competitive market.

"Targeted and disciplined acquisitions are a core part of our growth strategy and we remain well positioned to continue executing on that to drive industry consolidation in the monitoring sector into 2018."

## Growth Strategy and Outlook

Threat Protect'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 has taken significant steps in advancing its growth strategy, on both the funding and execution fronts. The Company has in place a funding package of up to \$10.5 million to be utilised towards this strategy, with cornerstone investor First Samuel Limited.

\$4.5 million of this has been utilised to complete strategic acquisitions in FY2017, including the first tranche acquisition payment for the assets of the Apollo Security Pty Ltd's Grade One Security and Queensland Security Rangers, which was completed in the second half of the financial year.

The Company is actively evaluating new acquisition opportunities in the Monitoring sector with a view to growing its security monitoring customer base through targeted and disciplined strategic acquisitions.

- End -

For further information, contact:

**Investors**

Demetrios Pynes  
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- Monitored Security Systems
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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.
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# Appendix 4E

## Preliminary Final Report to the Australian Securities Exchange

### Part 1 – Details of Entity and Reporting Period

|   |                                  |
|---|----------------------------------|
| Name of Entity                          | Threat Protect Australia Limited |
| ABN                                     | 36 060 774 227                   |
| Financial Year Ended                    | 30 June 2017                     |
| Previous Corresponding Reporting Period | 30 June 2016                     |

### Part 2 – Results for Announcement to the Market

|  | \$'000 | Percentage increase / (decrease) over previous corresponding period |
|--|--------|---|
| Revenue from ordinary activities   | 12,914 | 74%   |
| Profit (Loss) from ordinary activities after tax attributable to members | 1,692  | Significant   |
| Net Profit (loss) attributable to members                                | 1,692  | Significant   |

| Dividends (distributions)  | Amount per security | Franked amount per security |
|--|---------------------|-----------------------------|
| Final Dividend   | Nil                 | Nil                         |
| Interim Dividend   | Nil                 | Nil                         |
| Record date for determining entitlements to the dividends (if any) | Not Applicable      |                             |

#### Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

This statement includes the results for Threat Protect Australia Limited and its controlled entities, for the year ended 30 June 2017 (current period) compared with the year ended 30 June 2016 (prior period). The financial results of Threat Protect Australia Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS).

This report is based on financial accounts which are in the process of being audited.

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### Part 3 – Contents of ASX Appendix 4E

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**Part 4 – Consolidated Statement of Comprehensive Income**

|   | Year<br>Ended<br>30 June 2017<br>\$, | Year<br>Ended<br>30 June 2016<br>\$ |
|---|--------------------------------------|-------------------------------------|
| Revenue   | 11,477,957                           | 7,244,718                           |
| Other income  | 1,436,034                            | 159,113                             |
|   | <b>12,913,991</b>                    | <b>7,403,831</b>                    |
| Cost of sales   | (8,223,087)                          | (6,114,547)                         |
|   | <b>4,690,905</b>                     | <b>1,289,284</b>                    |
| Administrative expenses   | (1,198,709)                          | (1,424,855)                         |
| Business acquisition and integration costs  | (683,349)                            | (884,385)                           |
| Compliance and regulatory costs   | (344,954)                            | (457,651)                           |
| Finance costs   | (334,684)                            | (399,772)                           |
| Legal and consulting fees   | (44,005)                             | (57,397)                            |
| Marketing and business development  | (346,380)                            | (135,807)                           |
| Occupancy costs   | (223,106)                            | (287,549)                           |
| Share-based payments  | -                                    | (983,549)                           |
| Corporate transaction accounting expense  | -                                    | (2,407,444)                         |
| Profit / (Loss) before tax  | 1,515,718                            | (5,749,125)                         |
| Income tax benefit / (expense)  | 176,618                              | 378,015                             |
| <b>Net (loss) / profit for the year</b>   | <b>1,692,336</b>                     | <b>(5,371,110)</b>                  |
| 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:                            | -                                    | -                                   |
| <b>Other comprehensive income for the year, net of tax</b>                                  | <b>-</b>                             | <b>-</b>                            |
| <b>Total comprehensive income for the year attributable to members of the parent entity</b> | <b>1,692,336</b>                     | <b>(5,371,110)</b>                  |

### Part 5 – Consolidated Accumulated losses

|  | Year<br>Ended<br>30 June<br>2017<br>\$ | Year<br>Ended<br>30 June<br>2016<br>\$ |
|--|--|--|
| Balance at start of the period   | (13,143,522)                           | (7,772,412)                            |
| Total comprehensive income for the year attributable to the owners of the parent | <u>1,692,336</u>                       | <u>(5,371,110)</u>                     |
| Balance at the end of the period   | <u><b>(11,451,186)</b></u>             | <u><b>(13,143,522)</b></u>             |

### Part 6 – Consolidated Statement of Financial Position

|                                      | 30 June 2017<br>\$       | 30 June 2016<br>\$      |
|--------------------------------------|--------------------------|-------------------------|
| <b>Current assets</b>                |                          |                         |
| Cash and cash equivalents            | 1,163,364                | 448,581                 |
| Trade and other receivables          | 3,046,214                | 1,138,018               |
| Financial assets                     | 182,669                  | 167,969                 |
| Other current assets                 | 296,849                  | 137,764                 |
| Inventories                          | <u>32,387</u>            | <u>13,005</u>           |
| <b>Total current assets</b>          | <u><b>4,721,482</b></u>  | <u><b>1,905,337</b></u> |
| <b>Non-current assets</b>            |                          |                         |
| Plant and equipment                  | 718,294                  | 375,962                 |
| Intangible assets                    | <u>13,829,726</u>        | <u>4,163,165</u>        |
| <b>Total non-current assets</b>      | <u><b>14,548,020</b></u> | <u><b>4,539,127</b></u> |
| <b>Total assets</b>                  | <u><b>19,269,502</b></u> | <u><b>6,444,464</b></u> |
| <b>Current liabilities</b>           |                          |                         |
| Trade and other payables             | 5,911,102                | 1,803,249               |
| Short term provisions                | 471,915                  | 1,027,277               |
| Short term borrowings                | <u>1,026,386</u>         | <u>1,183,826</u>        |
| <b>Total current liabilities</b>     | <u><b>7,409,402</b></u>  | <u><b>4,014,352</b></u> |
| <b>Non-current liabilities</b>       |                          |                         |
| Long term provisions                 | 71,167                   | 63,795                  |
| Long term borrowings                 | 6,381,000                | 1,619,609               |
| Deferred Tax Liability               | <u>1,253,237</u>         | <u>-</u>                |
| <b>Total non-current liabilities</b> | <u><b>7,705,404</b></u>  | <u><b>1,683,404</b></u> |
| <b>Total liabilities</b>             | <u><b>15,114,807</b></u> | <u><b>5,697,756</b></u> |
| <b>Net assets</b>                    | <u><b>4,154,695</b></u>  | <u><b>746,708</b></u>   |
| <b>Equity</b>                        |                          |                         |
| Issued capital                       | 14,622,332               | 13,284,696              |
| Reserves                             | 983,549                  | 983,549                 |
| Accumulated losses                   | <u>(11,451,186)</u>      | <u>(13,521,537)</u>     |
| <b>Total equity</b>                  | <u><b>4,154,695</b></u>  | <u><b>746,708</b></u>   |

**Part 7 – Consolidated Statement of Cash Flows**

|  | <b>Year<br/>Ended<br/>30 June 2017<br/>\$</b> | <b>Year<br/>Ended<br/>30 June 2016<br/>\$</b> |
|--|---|---|
| <b>Cash flows from operating activities</b>                |   |   |
| Receipts from customers                                    | 11,940,285                                    | 7,604,399                                     |
| Interest received  | 6,338   | 5,374   |
| Interest and borrowing costs paid                          | (353,184)                                     | (282,036)                                     |
| Payments to suppliers and employees                        | (10,292,456)                                  | (10,912,913)                                  |
| <b>Net cash used in operating activities</b>               | <b>1,300,983</b>                              | <b>(3,585,176)</b>                            |
| <b>Cash flows from investing activities</b>                |   |   |
| Payments for businesses, net of cash acquired              | (4,200,000)                                   | 2,098,578                                     |
| Payments for intangible assets                             | (1,705,664)                                   | (841,772)                                     |
| Payments for financial assets                              | (14,700)                                      | -   |
| Proceeds from sale of property, plant and equipment        | 5,481   | -   |
| Payments for property, plant and equipment                 | (466,340)                                     | (15,215)                                      |
| <b>Net cash provided by/(used in) investing activities</b> | <b>(6,381,223)</b>                            | <b>1,241,592</b>                              |
| <b>Cash flows from financing activities</b>                |   |   |
| Net proceeds from issue of shares                          | 1,414,538                                     | 2,850,364                                     |
| Proceeds from borrowings                                   | 4,646,000                                     | 2,616,000                                     |
| Repayment of borrowings                                    | (265,515)                                     | (2,725,538)                                   |
| <b>Net cash provided by financing activities</b>           | <b>5,795,023</b>                              | <b>2,740,826</b>                              |
| <b>Net increase / (decrease) in cash held</b>              | <b>714,783</b>                                | <b>397,242</b>                                |
| Cash and cash equivalents at the beginning of the period   | 448,581                                       | 51,338  |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>1,163,364</b>                              | <b>448,581</b>                                |

## Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

## Part 9 – Profit/(Loss) from Ordinary Activities

The profit / (loss) from ordinary activities before income tax includes the following items of revenue and expense:

|  | Year<br>Ended<br>30 June 2017<br>\$ | Year<br>Ended<br>30 June 2016<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>Revenue</b>   |                                     |                                     |
| Income from provision of goods and services                        | 11,471,619                          | 7,239,344                           |
| Interest income  | 6,338                               | 5,374                               |
|  | <u>11,477,957</u>                   | <u>7,244,718</u>                    |
| <b>Other income</b>  |                                     |                                     |
| Gains on disposal of property, plant and equipment                 | 100,455                             | 41,812                              |
| Research and development grant                                     | 772,370                             | -                                   |
| Superannuation penalty provision written back                      | 545,773                             | -                                   |
| Suppliers bonuses  | -                                   | 50,890                              |
| Other  | 17,436                              | 66,411                              |
|  | <u>1,436,034</u>                    | <u>159,113</u>                      |
| <b>Depreciation of property, plant and equipment contained in:</b> |                                     |                                     |
| Cost of sales  | (135,574)                           | (102,129)                           |
| Administrative expenses  | (25,450)                            | (14,684)                            |
|  | <u>(161,024)</u>                    | <u>(116,813)</u>                    |
| <b>Amortisation of intangible assets contained in:</b>             |                                     |                                     |
| Cost of sales  | (732,458)                           | (81,757)                            |
| Marketing and business development                                 | (1,336)                             | -                                   |
|  | <u>(733,794)</u>                    | <u>(81,757)</u>                     |

## Part 10 – Commentary on Results

Please refer to attached ASX announcement for commentary on results.

**Part 11 – Segment Information (Current Year)**

| <b>Year ended 30 June 2017</b>   | <b>Monitoring<br/>(\$)</b> | <b>Guarding<br/>(\$)</b> | <b>Services<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|--|----------------------------|--------------------------|--------------------------|-----------------------|
| <b>Revenue</b>   |                            |                          |                          |                       |
| Revenue  | 5,239,359                  | 5,618,581                | 613,679                  | 11,471,619            |
| <b>Total Segment Revenue</b>   | <b>5,239,359</b>           | <b>5,618,581</b>         | <b>613,679</b>           | <b>11,471,619</b>     |
| <i>Reconciliation of segment revenue to group revenue:</i>                 |                            |                          |                          |                       |
| Interest   |                            |                          |                          | 6,338                 |
| Other income   |                            |                          |                          | 1,436,034             |
| <b>Total group revenue and other income</b>                                |                            |                          |                          | <b>12,913,991</b>     |
| <b>Segment net profit / (loss) from continuing operations before tax</b>   | <b>2,788,920</b>           | <b>366,075</b>           | <b>93,537</b>            | <b>3,248,533</b>      |
| <i>Reconciliation of segment profit / (loss) to group profit / (loss):</i> |                            |                          |                          |                       |
| Amounts not included in segment results but reviewed by the board:         |                            |                          |                          |                       |
| Administrative expenses  |                            |                          |                          | 1,198,709             |
| Business acquisition and integration costs                                 |                            |                          |                          | 683,349               |
| Compliance and regulatory  |                            |                          |                          | 344,954               |
| Finance costs  |                            |                          |                          | 334,684               |
| Legal costs  |                            |                          |                          | 44,005                |
| Marketing & business development   |                            |                          |                          | 346,380               |
| Occupancy expenses   |                            |                          |                          | 223,106               |
| <b>Net profit/(loss) for the year</b>                                      |                            |                          |                          | <b>1,515,718</b>      |
| <b>Segment Assets</b>  | <b>15,265,294</b>          | <b>1,198,329</b>         | <b>32,387</b>            | <b>16,496,010</b>     |
| <i>Reconciliation of segment assets to group assets:</i>                   |                            |                          |                          |                       |
| Unallocated assets   |                            |                          |                          | 2,773,492             |
| <b>Total Assets</b>  |                            |                          |                          | <b>19,269,502</b>     |
| <b>Segment Liabilities</b>   | <b>674,391</b>             | <b>650,146</b>           | <b>8,417</b>             | <b>1,332,954</b>      |
| <i>Reconciliation of segment liabilities to group liabilities:</i>         |                            |                          |                          |                       |
| Unallocated liabilities  |                            |                          |                          | 13,781,853            |
| <b>Total Liabilities</b>   |                            |                          |                          | <b>15,114,807</b>     |

**Part 11 – Segment Information (Prior Year)**

| <b>Year ended 30 June 2016</b>   | <b>Monitoring<br/>(\$)</b> | <b>Guarding<br/>(\$)</b> | <b>Services<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|--|----------------------------|--------------------------|--------------------------|-----------------------|
| <b>Revenue</b>   |                            |                          |                          |                       |
| Revenue  | 2,845,185                  | 3,930,483                | 463,676                  | 7,239,344             |
| <b>Total Segment Revenue</b>   | <b>2,845,185</b>           | <b>3,930,483</b>         | <b>463,676</b>           | <b>7,239,344</b>      |
| <i>Reconciliation of segment revenue to group revenue:</i>                 |                            |                          |                          |                       |
| Interest   |                            |                          |                          | 5,374                 |
| Other income   |                            |                          |                          | 159,113               |
| <b>Total group revenue and other income</b>                                |                            |                          |                          | <b>7,403,831</b>      |
| <b>Segment net profit / (loss) from continuing operations before tax</b>   | <b>850,412</b>             | <b>464,331</b>           | <b>(309,404)</b>         | <b>1,005,339</b>      |
| <i>Reconciliation of segment profit / (loss) to group profit / (loss):</i> |                            |                          |                          |                       |
| Amounts not included in segment results but reviewed by the board:         |                            |                          |                          |                       |
| Administrative expenses  |                            |                          |                          | 1,410,876             |
| Business acquisition and integration costs                                 |                            |                          |                          | 884,385               |
| Compliance and regulatory  |                            |                          |                          | 457,651               |
| Finance costs  |                            |                          |                          | 399,772               |
| Legal costs  |                            |                          |                          | 57,397                |
| Marketing & business development   |                            |                          |                          | 153,807               |
| Occupancy expenses   |                            |                          |                          | 182,071               |
| Share-based payments   |                            |                          |                          | 983,549               |
| Corporate transaction accounting expense                                   |                            |                          |                          | 2,407,444             |
| <b>Net profit/(loss) for the year</b>                                      |                            |                          |                          | <b>(5,749,125)</b>    |
| <b>Segment Assets</b>  | <b>4,402,178</b>           | <b>2,116,205</b>         | <b>-</b>                 | <b>6,518,383</b>      |
| <i>Reconciliation of segment assets to group assets:</i>                   |                            |                          |                          |                       |
| Unallocated assets   |                            |                          |                          | 304,096               |
| <b>Total Assets</b>  |                            |                          |                          | <b>6,822,479</b>      |
| <b>Segment Liabilities</b>   | <b>547,595</b>             | <b>337,490</b>           | <b>25,515</b>            | <b>910,600</b>        |
| <i>Reconciliation of segment liabilities to group liabilities:</i>         |                            |                          |                          |                       |
| Unallocated liabilities  |                            |                          |                          | 4,787,156             |
| <b>Total Liabilities</b>   |                            |                          |                          | <b>5,697,756</b>      |

## Part 12 – Notes to Consolidated Statement of Financial Position

The following notes are relevant to form an understanding of the consolidated statement of financial position:

|  | <b>Year<br/>Ended<br/>30 June 2017<br/>\$</b> | <b>Year<br/>Ended<br/>30 June 2016<br/>\$</b> |
|--|---|---|
| <b>Trade and other receivables</b>                           |   |   |
| Trade receivables  | 2,745,025                                     | 831,927                                       |
| Less: provision for impairment                               | (623,656)                                     | (18,676)                                      |
| Accrued income receivable                                    | 133,096                                       | 271,568                                       |
| Research and development grant receivable                    | 772,370                                       | -   |
| Loans to other parties and other receivables                 | 1,059   | 31,060  |
| Goods and Services Tax receivable                            | 18,319  | 22,139  |
|  | <b>3,046,213</b>                              | <b>1,138,018</b>                              |
| <b>Financial assets</b>                                      |   |   |
| Security bonds and guarantees                                | 182,669                                       | 167,969                                       |
|  | <b>182,669</b>                                | <b>167,969</b>                                |
| <b>Other assets</b>  |   |   |
| Prepayments  | 296,849                                       | 137,764                                       |
|  | <b>296,849</b>                                | <b>137,764</b>                                |
| <b>Plant and equipment</b>                                   |   |   |
| Plant and equipment  | 1,463,260                                     | 973,022                                       |
| Accumulated depreciation                                     | (744,966)                                     | (597,060)                                     |
|  | <b>718,294</b>                                | <b>375,962</b>                                |
| <b>Intangible assets</b>                                     |   |   |
| Customer related intangibles                                 | 7,855,812                                     | 2,797,174                                     |
| Accumulated impairment                                       | (828,000)                                     | (828,000)                                     |
| Accumulated amortisation                                     | (623,834)                                     | (166,030)                                     |
|  | 6,403,978                                     | 1,803,144                                     |
| Development costs  | 1,891,918                                     | 78,049  |
| Accumulated amortisation                                     | (86,955)                                      | (10,231)                                      |
|  | 1,804,963                                     | 67,818  |
| Intellectual property  | 15,751  | 6,065   |
|  | 15,751  | 6,065   |
| Goodwill   | 5,605,034                                     | 1,487,605                                     |
| Provisional goodwill related to recent business acquisitions | -   | 798,533                                       |
|  | 5,605,034                                     | 2,286,138                                     |
|  | <b>13,829,726</b>                             | <b>4,163,165</b>                              |

**Part 12 – Notes to Consolidated Statement of Financial Position  
(Continued)**

|  | Year<br>Ended<br>30 June 2017<br>\$ | Year<br>Ended<br>30 June 2016<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>Trade and other payables</b>  |                                     |                                     |
| Trade payables   | 1,077,243                           | 345,847                             |
| Accrued expenses   | 419,043                             | 356,067                             |
| Interest payable   | 291,921                             | 214,436                             |
| ATO liabilities  | 669,417                             | 1,128,555                           |
| Payroll tax liabilities  | 175,211                             | 245,244                             |
| Superannuation payable   | 106,126                             | 474,206                             |
| Deferred consideration   | 3,119,832                           | -                                   |
| Unearned revenue   | 35,651                              | -                                   |
| Other payables   | 16,659                              | 8,050                               |
|  | <b>5,911,102</b>                    | <b>2,772,405</b>                    |
| <b>Provisions</b>  |                                     |                                     |
| <b>Current provisions</b>  |                                     |                                     |
| Short term employee provisions   | 471,915                             | 385,865                             |
| Provision for fines and penalties related to historically late superannuation payments | -                                   | 429,193                             |
|  | <b>471,915</b>                      | <b>815,058</b>                      |
| <b>Non-current provisions</b>  |                                     |                                     |
| Long term employee provisions  | 71,167                              | 63,795                              |
|  | <b>71,167</b>                       | <b>63,795</b>                       |
| <b>Borrowings</b>  |                                     |                                     |
| <b>Current borrowings</b>  |                                     |                                     |
| Hire purchase and equipment finance  | 100,108                             | 145,811                             |
| <i>Less: Unexpired interest</i>  | (15,199)                            | (23,631)                            |
| Short-term borrowings  | 60,477                              | 45,646                              |
| Loans  | 881,000                             | 2,135,000                           |
|  | <b>1,026,386</b>                    | <b>2,783,826</b>                    |
| <b>Non-current borrowings</b>  |                                     |                                     |
| Loans  | 1,881,000                           | -                                   |
| Convertible note   | 4,500,000                           | -                                   |
| Related entity loans   | -                                   | 19,609                              |
|  | <b>6,381,000</b>                    | <b>19,609</b>                       |



### Part 13 – Notes to the Consolidated Statement of Cash Flows

|  | Year<br>Ended<br>30 June 2016<br>\$ | Year<br>Ended<br>30 June 2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>(a) Reconciliation of cash:</b>   |                                     |                                     |
| For the purposes of the Statement of Cashflows, cash includes cash on hand, and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the Balance Sheet as follows: |                                     |                                     |
| Cash and cash equivalents  | 1,163,364                           | 448,581                             |
|  | <b>1,163,364</b>                    | <b>448,581</b>                      |
| <b>(b) Reconciliation of net cash used in operating activities to loss after income tax</b>  |                                     |                                     |
| Profit (loss) after income tax   | 1,692,336                           | (5,371,110)                         |
| <i>Add non-cash items:</i>   |                                     |                                     |
| Depreciation & Amortisation  | 894,818                             | 293,073                             |
| Gain on disposal of property, plant and equipment  | (100,481)                           | (41,812)                            |
| Impairment   | 65,492                              | 30,560                              |
| Non-cash other income  | (555,872)                           |                                     |
| Share-based payments expense   | -                                   | 983,549                             |
| Income tax benefit   | (176,618)                           | (378,015)                           |
| Interest converted to equity   | -                                   | 21,752                              |
| Corporate transaction accounting expense   | -                                   | 2,407,444                           |
| <i>Changes in assets and liabilities:</i>  |                                     |                                     |
| (Increase)/decrease in receivables   | (1,418,344)                         | (433,536)                           |
| (Increase) / decrease in prepayments and other assets  | 27,365                              | 44,740                              |
| (Increase)/(decrease) in inventories   | (19,381)                            | (56)                                |
| (Increase)/(decrease) in trade and other payables  | 883,786                             | (1,418,622)                         |
| Increase/(decrease) in provisions  | 7,882                               | 276,857                             |
| <b>Net cash provided by/(used in) operating activities</b>   | <b>1,300,983</b>                    | <b>(3,585,176)</b>                  |

### Part 14 – Details Relating to Dividends

|  |                |
|--|----------------|
| Date the dividend is payable   | Not Applicable |
| Record date to determine entitlement to the dividend   | Not Applicable |
| Amount per security  | Not Applicable |
| Total dividend   | Not Applicable |
| Amount per security of foreign sourced dividend or distribution                                      | Not Applicable |
| Details of any dividend reinvestment plans in operation  | Not Applicable |
| The last date for receipt of an election notice for participation in any dividend reinvestment plans | Not Applicable |

### Part 15 – Earnings/Loss per Share

|   | Consolidated               |                            |
|---|----------------------------|----------------------------|
|   | Year Ended<br>30 June 2017 | Year Ended<br>30 June 2016 |
| From continuing operations  |                            |                            |
| Basic earnings/(loss) per share (cents)   | 0.22                       | (1.02)                     |
| The Company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share. |                            |                            |
| Weighted average number of ordinary shares for the purpose of basic earnings per share  | 752,947,029                | 562,633,880                |

### Part 16 – Net Tangible Assets per Security

|  | 30 June<br>2017 | 30 June<br>2016 |
|--|-----------------|-----------------|
| Net tangible asset backing per ordinary security (cents) | (1.24)          | (0.47)          |

### Part 17 – Details of Entities Over Which Control has been Gained or Lost

|  |      |
|--|------|
| Name of entity   | None |
| Date of acquisition  | NA   |
| Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control | NA   |
| Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period                                | NA   |
| Contribution to consolidated profit/(loss) from ordinary activities from acquisition date  | NA   |
| <b>Description of acquisition:</b>   |      |
| There were no entities acquired during the period.   |      |

## Part 18 – Details of Associates and Joint Venture Entities

|                           | Ownership Interest      |                         | Contribution to net profit/(loss) |                            |
|---------------------------|-------------------------|-------------------------|-----------------------------------|----------------------------|
|                           | As at 30/6/17 %         | As at 30/6/16 %         | Year ended 30/6/17 \$A'000        | Year ended 30/6/16 \$A'000 |
| Name of entity            | Mkuju Resources Limited | Mkuju Resources Limited | Mkuju Resources Limited           | Mkuju Resources Limited    |
| Associate                 | N/A                     | N/A                     | N/A                               | N/A                        |
| Joint Venture Entities    | 72%                     | 72%                     | -                                 | -                          |
| Aggregate Share of Losses | -                       | -                       | -                                 | -                          |

## Part 19 – Issued Securities

|  | 30 June 2017<br>\$        | 30 June 2016<br>\$        |
|--|---------------------------|---------------------------|
| <b>Issued capital</b>  |                           |                           |
| <b>A - Fully paid ordinary shares</b>  | <u>14,575,484</u>         | <u>13,284,696</u>         |
| <i>The following movements in issued capital occurred during the period:</i>                         |                           |                           |
|  | Number of<br>Shares       | Number of<br>Shares       |
| <b>Opening balance</b>   | 721,898,331               | 17,554                    |
| <b>Transactions as a result of reverse acquisition on 4 September 2015:</b>                          |                           |                           |
| - Elimination of existing legal acquiree (Threat Protect Group Pty Ltd (“TPG”)) shares               | -                         | (17,554)                  |
| - Shares of legal acquirer (Threat Protect Australia Limited (“Threat Protect”)) at acquisition date | -                         | 368,198,180               |
| - Issue of shares to TPG vendors   | -                         | 165,000,000               |
| - Settlement of accrued liabilities  | -                         | 15,565,653                |
| - Part settlement of borrowings  | -                         | 15,000,000                |
| - Conversion of convertible notes  | -                         | 38,234,503                |
| <b>Other share issues during the period:</b>   |                           |                           |
| - Issue of shares on 16 February 2016  | -                         | 102,899,995               |
| - Issue of shares on 22 February 2016  | -                         | 333,334                   |
| - Issue of shares on 31 May 2016   | -                         | 16,666,666                |
| - Issue of shares on 7 November 2016   | 30,000,000                | -                         |
| - Issue of shares on 2 December 2016   | 20,000,000                | -                         |
| - Issue of shares on 19 June 2017  | 7,525,000                 | -                         |
| <b>Closing balance (Number of shares)</b>  | <u><u>779,423,331</u></u> | <u><u>721,898,331</u></u> |

**Part 19 – Issued Securities (continued)**

| Issued capital (continued)  | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|---|--------------------|--------------------|
| <b>A - Fully paid ordinary shares (continued)</b>                           |                    |                    |
| Opening balance   | 13,284,696         | 1,347,303          |
| <b>Transactions as a result of reverse acquisition on 4 September 2015:</b> |                    |                    |
| - Issue of shares to TPG vendors  | -                  | 7,363,964          |
| - Settlement of accrued liabilities   | -                  | 311,313            |
| - Part settlement of borrowings   | -                  | 300,000            |
| - Conversion of convertible notes   | -                  | 611,752            |
| <b>Other share issues during the period:</b>                                |                    |                    |
| - Issue of shares on 16 February 2016                                       | -                  | 3,087,000          |
| - Issue of shares on 22 February 2016                                       | -                  | 10,000             |
| - Issue of shares on 31 May 2016  | -                  | 500,000            |
| - Issue of shares on 7 November 2016  | 900,000            | -                  |
| - Issue of shares on 2 December 2016  | 600,000            | -                  |
| - Issue of shares on 19 June 2017   | -                  | -                  |
| Share issue costs   | (162,364)          | (246,686)          |
| <b>Closing balance (\$)</b>   | <b>14,622,332</b>  | <b>13,284,696</b>  |

| A - Options reserve   | 30 June 2017<br>\$   | 30 June 2016<br>\$   |
|---|----------------------|----------------------|
| <i>The following movements in options occurred during the period:</i>   |                      |                      |
|   | Number of<br>Options | Number of<br>Options |
| Opening balance   | 145,900,000          | -                    |
| - Options of legal acquirer (Threat Protect) as at acquisition date 4 September 2015  | -                    | 3,600,000            |
| - Consolidation of options in line with reverse acquisition transaction (1:4)   | -                    | (2,700,000)          |
| <b>Transactions as a result of reverse acquisition on 4 September 2015:</b>   |                      |                      |
| - Issue of consultant and adviser options<br><i>Options to acquire one ordinary share at 2.5 cents per share on or before 4 September 2018</i>      | -                    | 100,000,000          |
| - Issue of non-executive director options<br><i>Options to acquire one ordinary share at 4.85 cents per share on or before 4 September 2018</i>     | -                    | 15,000,000           |
| - Issue of tranche 1 executive director options<br><i>Options to acquire one ordinary share at 3.8 cents per share on or before 31 October 2020</i> | -                    | 10,000,000           |
| <b>Balance carried forward to following page</b>  | <b>145,900,000</b>   | <b>125,900,000</b>   |

**Part 19 – Issued Securities (continued)**

| Issued capital (continued)   | 30 June 2017         | 30 June 2016         |
|--|----------------------|----------------------|
| A – Options (continued)  | Number of<br>Options | Number of<br>Options |
| Balance brought forward from previous page   | <u>145,900,000</u>   | <u>125,900,000</u>   |
| <b>Transactions as a result of reverse acquisition on 4 September 2015 (continued):</b>  |                      |                      |
| - Issue of tranche 2 executive director options<br><i>Options to acquire one ordinary share at<br/>4.67 cents per share on or before 31 October 2020</i> | -                    | 10,000,000           |
| - Issue of tranche 3 executive director options<br><i>Options to acquire one ordinary share at<br/>5.11 cents per share on or before 31 October 2020</i> | -                    | 10,000,000           |
| <b>Closing balance (Number of options)</b>   | <u>145,900,000</u>   | <u>145,900,000</u>   |

|  | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|--|--------------------|--------------------|
| <b>A – Options reserve</b>   |                    |                    |
| <i>The following movements in the options reserve occurred during the period:</i>  |                    |                    |
| <b>Opening balance</b>   | <u>983,549</u>     | -                  |
| - Options of legal acquirer (Threat Protect) as at<br>acquisition date 4 September 2015  | -                  | 69,600             |
| <b>Transactions as a result of reverse acquisition on 4 September 2015:</b>  |                    |                    |
| - Balance of options reserve eliminated  | -                  | (69,600)           |
| - Issue of non-executive director options<br><i>Options to acquire one ordinary share at<br/>4.85 cents per share on or before 4 September 2018</i>      | -                  | 323,501            |
| - Issue of tranche 1 executive director options<br><i>Options to acquire one ordinary share at<br/>3.8 cents per share on or before 31 October 2020</i>  | -                  | 229,578            |
| - Issue of tranche 2 executive director options<br><i>Options to acquire one ordinary share at<br/>4.67 cents per share on or before 31 October 2020</i> | -                  | 217,842            |
| - Issue of tranche 3 executive director options<br><i>Options to acquire one ordinary share at<br/>5.11 cents per share on or before 31 October 2020</i> | -                  | 212,628            |
| <b>Closing balance of options reserve (\$)</b>   | <u>983,549</u>     | <u>983,549</u>     |

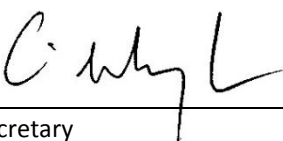
**Part 20 – Subsequent Events**

|   |
|---|
| No material events occurred subsequent to reporting date. |
|---|

**Part 21 – Audit/Review Status**

|  |                                     |  |                          |
|--|-------------------------------------|--|--------------------------|
| <b>This report is based on accounts to which one of the following applies:</b><br>(Tick one) |                                     |  |                          |
| The accounts have been audited   | <input type="checkbox"/>            | The accounts have been subject to review           | <input type="checkbox"/> |
| The accounts are in the process of being audited or subject to review                        | <input checked="" type="checkbox"/> | The accounts have not yet been audited or reviewed | <input type="checkbox"/> |

|  |
|--|
| <p><b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b></p> <p>Not Applicable</p> |
| <p><b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b></p> <p>Not Applicable</p>                             |

Signed:  Dated: 30 August 2017  
 Company Secretary

Print name: **Simon Whybrow**