

Quarterly Activities Report and Appendix 4C

Quarter ended: 30 September 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.

Threat Protect consolidates previous quarter acquisition activity during September Quarter

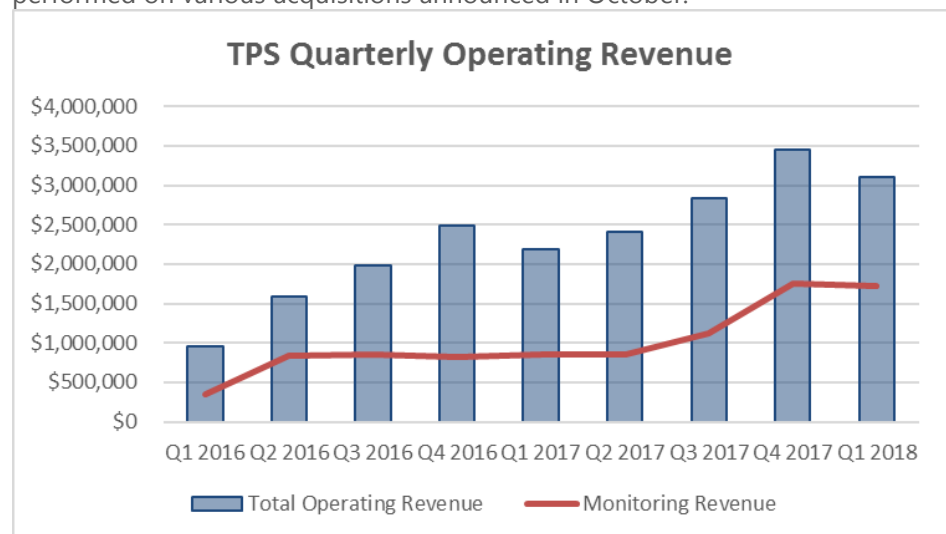
Threat Protect Australia Limited (**“Threat Protect”** or **“Company”**) (ASX: **“TPS”**) is pleased to provide its quarterly market activity update.

HIGHLIGHTS

- Total revenue for September quarter of \$3.3 million, which is in line with budget, representing YOY total revenue growth of 51%.
- Maintaining an ongoing positive operating cash flow for the business, with net cash flow from operations of \$0.7m for the quarter. Operating cash flow for the September quarter is over \$1.0m after excluding non-recurring costs.
- Relocation of the Company’s head office to West Perth.
- Threat Protect becomes the first Australian affiliate of the internationally recognised organisation - Certified Counter Terrorism Practitioners (**“CCTP”**).
- Cash at bank of \$0.8 million following repayment of \$0.5m in debt.

OPERATING REVIEW

Threat Protect consolidated its revenue and cash flow during the traditionally softer September Quarter. The Company was still active however with due diligence performed on various acquisitions announced in October.



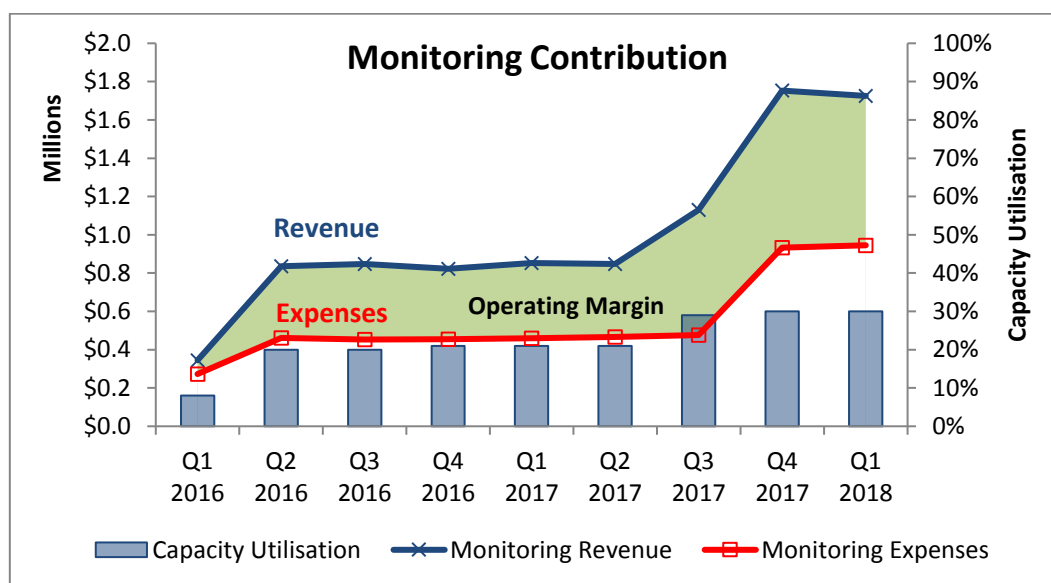
Total revenue of \$3.3m was in line with budget expectations, and a positive YOY growth trend was maintained with total revenue up \$1.1m YOY, representing growth of 51%.

Security System Monitoring Services

Monitoring revenue for the September Quarter remained steady at \$1.7 million compared to \$1.75 million in the previous quarter. No new acquisitions were announced during the Quarter and activity was focused on consolidating and rationalising the previously acquired Apollo customer base.

Threat Protect announced the acquisition of five security monitoring client bases on the east coast of Australia in October for \$0.6m. These were previously serviced by resellers of the Company’s Monitoring Excellence business and increase the number of direct lines serviced by Threat Protect by 16% to around 6,000 from a total of around 37,000 monitored lines. The conversion of reseller service lines to direct lines delivers an average 3 times uplift in revenue for minimal increase of operating cost.

The Company continues to pursue various acquisition opportunities with a view to further increasing scale and margin uplift, and is actively conducting due diligence on prospective acquisition targets. Further monitoring acquisitions have been identified and are targeted for 2017.



Security Manning and Consulting Services

Manning and consulting revenue was lower in the September quarter as previously seasonally favourable conditions reversed during the winter September quarter. This lower revenue was in accordance with expectations as the Company’s Manning Services are traditionally impacted by the softer event activity of the winter months. Seasonal events activity starts to increase again during the spring months and the Company expects this to be reflected in the December Quarter.

Threat Protect was successful in extending two significant West Australian corporate protective service contracts during the quarter, and the tender pipeline continues to remain strong. The Company is actively tendering on a number of significant multi-year corporate contracts for infrastructure projects across Australia.

During the quarter, the Company received corporate accreditation and become the first Australian affiliate of the internationally recognised organisation - Certified Counter Terrorism Practitioners ("CCTP").

The CCTP is based in Singapore, and administers the CCTP program - an international accreditation program for experienced security and law enforcement professionals that provides demonstrable proof of knowledge and expertise in terrorism detection, prevention, and response.

Becoming the first Australian affiliate of the CCTP is an endorsement of the skill and expertise offered by Threat Protect to corporate and government clients, and further differentiates the Company and its service offering in the Australian security market. We anticipate strong contribution to earnings as a result in the future.

CORPORATE AND FINANCIAL

Operating cash flow remained positive during the quarter with a net inflow of \$0.7m. This was after the inclusion of \$0.3m in business acquisition and integration costs that related to due diligence ahead of the monitoring client base acquisitions announced after quarter end, and residual integration costs associated with the Apollo acquisition. Interest paid increased due to the semi-annual interest payment on the First Samuel debt facility occurring during the Quarter.

The Company received \$0.8m for a Research and Development ("R&D") tax incentive claim for FY'2016 as flagged in the June 2017 quarterly report. A R&D tax incentive claim of a similar amount has been submitted for the 2017 financial year and is expected to be received during this current quarter.

Cash at bank at the end of September was \$0.8 million after the repayment of \$0.5 million in debt during the quarter. Cash is expected to increase again during the seasonally strong December Quarter.

Threat Protect relocated its corporate office to new premises in West Perth during the Quarter. This has allowed the company to centralise its management and administration functions providing for improved operational efficiencies and support for the Company's acquisition growth program.

- End -

For further information, contact:

Investors

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

Media

James Tranter
FTI Consulting
+61 8 9485 8888

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Threat Protect Australia Limited

ABN

36 060 774 227

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,605	3,605
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(1,489)	(1,489)
(c) advertising and marketing	(16)	(16)
(d) leased assets	-	-
(e) staff costs	(1,402)	(1,402)
(f) administration and corporate costs	(314)	(314)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(253)	(253)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	772	772
1.8 Other (provide details if material)		
- Business acquisition & integration costs	(253)	(253)
1.9 Net cash from / (used in) operating activities	651	651

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(96)	(96)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) intangible assets	(442)	(442)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(538)	(538)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(460)	(460)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(460)	(460)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,163	1,163
4.2 Net cash from / (used in) operating activities (item 1.9 above)	651	651
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(538)	(538)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(460)	(460)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	816	816

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	816	816
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	816	816

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	104
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees, salaries and superannuation.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1. 1,600 2. 500 3. 1,212	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.

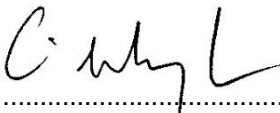
1. National Australia Bank Secured Loan. Current Interest Rate 5.470%pa
2. National Australia Bank Secured Working Capital Facility. Current Interest Rate 5.465%pa
3. National Australia Bank Secured Business Acquisition Facility. Current Interest Rate 5.465%pa
4. Unsecured Convertible Note (issued by First Samuel Limited on behalf of its MDA clients). Interest rate 9.0% pa.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Operating costs	(1,001)
9.3 Advertising and marketing	(7)
9.4 Leased assets	-
9.5 Staff costs	(1,503)
9.6 Administration and corporate costs	(235)
9.7 Interest payments	(44)
9.8 Repayment of borrowings	(60)
9.9 Purchase of intangible assets	(300)
9.10 Purchase of property, plant & equipment	(60)
9.11 Total estimated cash outflows	(3,210)

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 ¹	-	-
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: 31 October 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.