

Quarterly Activities Report and Appendix 4C

Quarter ended: 30 September 2018

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 activities during September 2018 Quarter

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

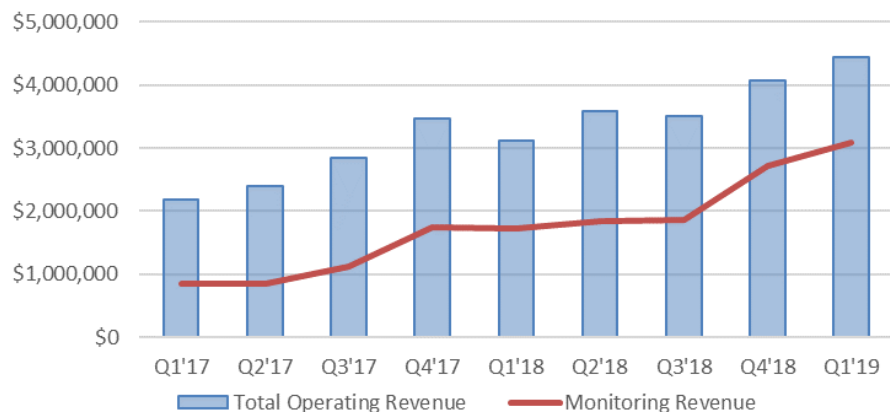
HIGHLIGHTS

- Operating revenue for September quarter of \$4.4 million, 9% higher than prior quarter and with a YOY total revenue growth increase of 42.9%.
- Monitoring revenue for September quarter of \$3.08 million, which is 14.0% above last quarter result, and showing a YOY total revenue growth increase of 81.7%.
- Threat Protect continues its acquisition strategy by acquiring a WA based security monitoring client base from within their pool of resellers.
- Cash at bank of \$1.2 million (excluding a further \$800k in escrow retention).

OPERATING REVIEW

The Company's operating revenue continues to increase in the September quarter, predominately due to a full quarter's revenue included from Security Alarm Monitoring Service Pty Ltd ("SAMS").

TPS Quarterly Operating Revenue



Acquisition of a WA Based Reseller

On 6 August 2018 Threat Protect announced to the ASX that it had completed the acquisition of the monitored security client base of Monitored Security Systems Pty Ltd. Monitored Security Systems Pty Ltd, trading as "MSS", is a West Australian security company that was established in 2003 and had been a reseller client of Threat Protect since 2012.

At the point of acquisition, the company had 519 monitored alarm customers, the majority whom are within the Perth metropolitan area and fit our desired customer profile of being commercial clients. In the FY 2018 MSS generated recurring monitoring income of \$400k, and an additional \$150k of other contracted revenue streams.

The acquisition has been fully funded by the Company's acquisition funding facility with Macquarie Bank Limited.

Security System Monitoring Services

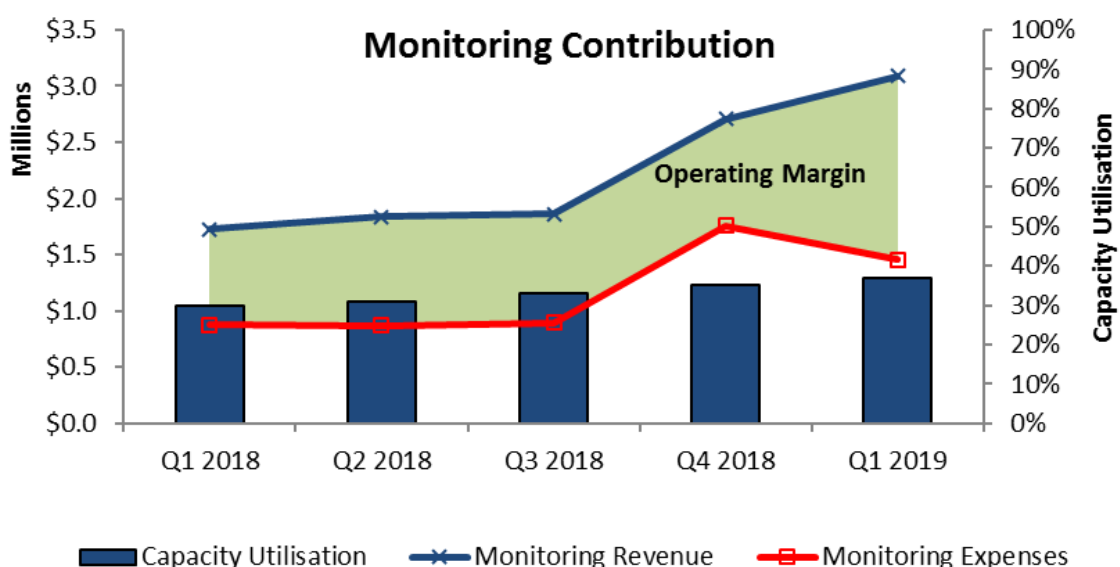
Monitoring revenue continues to produce RMR over \$1 million, and with a full quarter of SAMS revenue included this has increased total monitoring revenue to \$3.1 million - an increase of 14.0% from the June quarter.

Compared with the 2017 September quarter the Company's monitoring revenue growth has increased 81.7%.

Threat Protect has identified several other significant acquisition opportunities both externally and within its reseller network with a view to further increasing scale and margin uplift further and is actively conducting due diligence on these prospective acquisition targets.

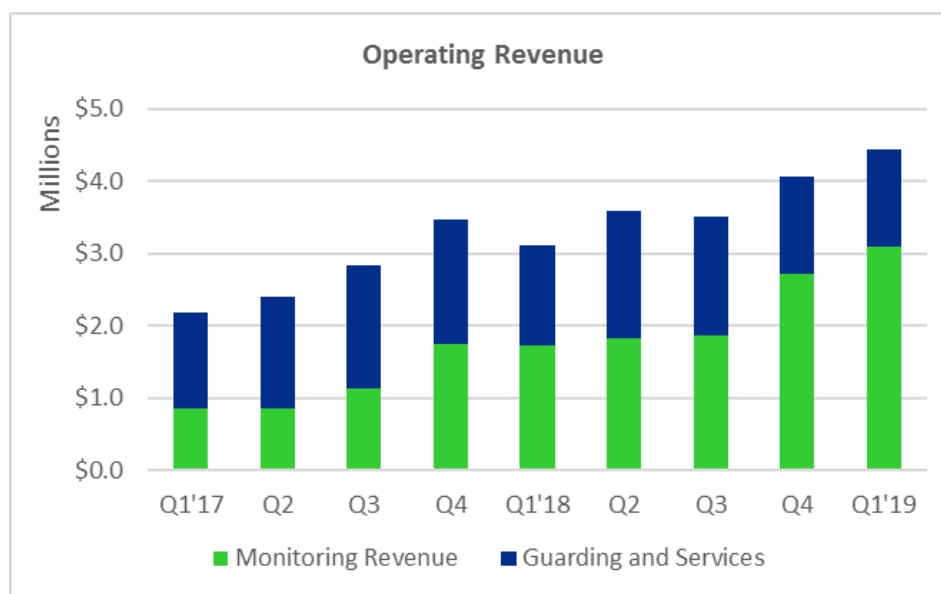
The addition of a full quarter of the MSS acquisition in the December 2018 quarter, as well as several other opportunities anticipated to be completed, will see a further expansion of Threat Protect's monitoring RMR.

The company continues to focus on increasing efficiencies within the business to increase operating margin.



Security Manning and Consulting Services

Manning and consulting revenue for the September quarter remained consistent with the Company focusing on consolidating the existing service contracts. The sources of revenue for the quarter reflect the continued focus of the business unit towards contracts with a greater component of recurring work and security consultancy.


CORPORATE AND FINANCIAL

The Company recorded a net cash outflow from operating activities of (\$286k) during the quarter, which reduces to parity after adding back \$269k in for once off business acquisition and integration activities completed, and costs of due diligence activity on current opportunities at the end of the September quarter.

On 12 September 2018 Threat Protect announced that it has recently completed a capital raising of approximately \$2.5m through the exercise of 14,285,703 unlisted options on issue by the Company. The options were exercisable at 17.5c each and had an expiry date of 4 September 2018. The funds raised under the capital raising will be applied towards repayment of the Company's existing debt facilities and for general working capital.

Cash at bank at the end of June was \$1.2 million, not including an amount of \$800k (being 50% of the retention payment payable to SAMS in March 2019) that has been set aside in a bank account under escrow.

- End -

For further information, contact:

Investors

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

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 2018

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	4,573	4,573
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(1,674)	(1,674)
(c) advertising and marketing	(45)	(45)
(d) leased assets	-	-
(e) staff costs	(2,011)	(2,011)
(f) administration and corporate costs	(279)	(279)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(582)	(582)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Business acquisition & integration costs	(269)	(269)
1.9 Net cash from / (used in) operating activities	(286)	(286)

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	(5)	(5)
(b) businesses, net of cash acquired	(492)	(492)
(c) investments	-	-
(d) intellectual property	-	-
(e) intangible assets	(1,561)	(1,561)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-
(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 -	-	-
2.6 Net cash from / (used in) investing activities	(2,058)	(2,058)
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	2,400	2,400
3.4 Transaction costs related to issues of shares, convertible notes or options	(82)	(82)
3.5 Proceeds from borrowings	9,578	9,578
3.6 Repayment of borrowings	(9,462)	(9,462)
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	2,434	2,434
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	1,139	1,139
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(286)	(286)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,058)	(2,058)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,434	2,434
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,229	1,229

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	829	829
5.2	400	400
5.3	-	-
5.4	-	-
5.5	1,229	1,229
Cash and cash equivalents at end of quarter (should equal item 4.6 above)		

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A'000**

99

-

Directors' fees, salaries and superannuation.

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

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

**Current quarter
\$A'000**

-

-

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. 14,000	10,999
	2. 800	749
8.2 Credit standby arrangements	-	-
8.3 Other	3. 9,000	9,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured.		

1. Macquarie Bank Secured Revolving Line of Credit. Current Interest Rate 5.64% pa.
2. Macquarie Bank Overdraft Facility. Current Interest Rate 6.75% pa.
3. Unsecured Convertible Note (issued by First Samuel Limited on behalf of its MDA clients). Current Interest Rate 9.0% pa.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Operating costs	(1,901)
9.3 Advertising and marketing	(37)
9.4 Leased assets	-
9.5 Staff costs	(2,273)
9.6 Administration and corporate costs	(303)
9.7 Interest payments	(456)
9.8 Repayment of borrowings	(284)
9.9 Purchase of intangible assets	(150)
9.10 Purchase of property, plant & equipment	(60)
9.11 Total estimated cash outflows	(5,464)

Cash outflows for next quarter is the consolidation of operating costs of Threat Protect, inclusive of the newly acquired business. It excludes any estimated operating cash inflows.

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	-	-
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 2018

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.