



ASX ANNOUNCEMENT
31 August 2018

FY18 Preliminary Final Report and Commentary

Threat Protect Australia Limited (“**Threat Protect**” or the “**Company**”) (ASX: “**TPS**”) today announces its Preliminary Final Report for the full year end 30 June 2018 (“FY18”).

With an adjusted EBITDA profit and positive cash flow generation providing a strong platform for growth, the Company in FY18 invested in the development of systems, resources and people within the business to strengthen our platform for future acquisitions, and to create greater efficiency.

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

Highlights FY18

- The group achieved Adjusted EBITDA of \$1.4m, after accounting for several one-off items, compared to \$1.2m in FY17.
- Operating Revenue was up 28% to \$14.6m, with total revenue up 20% to \$15.5m.
- Acquisitions increasing the Company’s recurring monthly revenue (“RMR”) to over \$1.0m.
- Completion of Security Alarm Monitoring Service (“SAMS”) acquisition in March - including a third control room based in South Australia, and adding over 22,100 residential and commercial customers, adding significant presence into South Australia.
- Continued execution of Threat Protect’s growth strategy with the acquisition of 7 East Coast based security monitoring client bases, including Alpha Alarms and Seekers Security Management. - adding a further 2,700 direct monitored lines throughout New South Wales, Victoria and Queensland.
- Securing a \$15.0m revolving bilateral facility agreement with Macquarie Bank Limited, providing the Company with readily available acquisition finance for future expansion opportunities.
- Cash position of \$1.1m at 30 June.

Profit & Loss Summary (A\$'000)	1H2018 \$'000	2H2018 \$'000	FY2018 \$'000	FY2017 \$'000	YOY Change %
Operating Revenue	6,952	7,740	14,692	11,478	28%
Monitoring Revenue	3,784	4,783	8,567	5,239	64%
Guarding and Services	3,167	2,950	6,116	6,232	-2%
Other Operating Revenue	1	8	9	6	
Other Income	39	866	896	1,436	
Total Reported Revenue	6,992	8,606	15,589	12,914	21%
EBITDA	-255	-458	-712	2,527	
Profit Before Tax	-1,339	-2,295	-3,634	1,275	
NPAT	-1,102	-2,144	-3,246	1,692	

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Financial Performance FY18

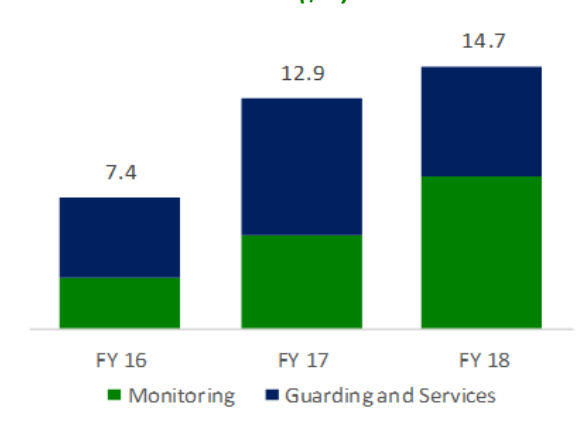
- Total revenue was \$15.6m, with operating revenue of \$14.7m.
- The active growth strategy continues to increase the Company's scale of operations, with operating revenue growing strongly - year on year monitoring revenue increasing by 64%.
- Although EBITDA was reported as a loss of \$0.7m, normalised results deliver an adjusted EBITDA of \$1.4m. (FY17 \$1.2m).

Adjusted EBITDA Reconciliation

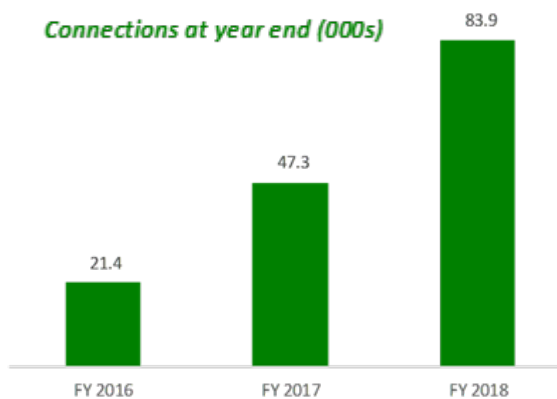
Operating Income	FY 18	FY 17
<i>(A\$000)</i>		
Reported Group Revenue	15,589	12,914
<i>Adjustments:</i>		
Other income	(896)	(1,436)
Operating income	14,692	11,478
Reported EBITDA	(712)	2,527

Adjusted Group EBITDA	FY 18	FY 17
<i>Adjustments:</i>		
Impairment – Bad Debts	186	65
Impairment – Goodwill	642	
Share based payments	550	
Acquisition costs	1,647	716
Apollo debtor recovery		(666)
Other Income	(896)	(1,436)
Adjusted EBITDA	1,417	1,206

Revenue evolution (\$m)



Connections at year end (000s)



Monitoring Division FY18

FY 30 June (\$'000)	FY 18	FY 17	PCP
Monitoring Revenue	8,567	5,239	64%
<i>Amortisation & Depreciation</i>	1,763	667	
<i>Non recurring transaction costs</i>	722	(656)	
Normalised Monitoring GP	4,742	2,257	110%
GP Margin %	55%	43%	

- Connections at year end ~84,000, with ~12% of these direct connections.
- Monitoring revenue of \$8.6m increased 64% on FY17, largely driven by the acquisition of SAMS and conversion of 7 reseller client bases from indirect connections to direct.
- Gross Profit increased 110% to \$4.7m, at a margin of 55%.
- The month of April 2018 saw the Monitoring division first deliver monthly run-rate of \$1.0m RMR with the acquisition of SAMS.

Guarding & Services FY18

FY 30 June (\$'000)	FY 18	FY 17	PCP
Guarding & Services Revenue	6,116	6,232	-2%
<i>Impairment of Goodwill</i>	642		
Guarding & Services GP	354	405	-13%
GP Margin %	6%	6%	

- Guarding & Services revenue stayed consistent at \$6.0m.
- Continued emphasis on contracted protective services, and high margin consulting work.
- The division generated Gross Profit of 350k, at a margin of 6%, a reduction on FY17.

Acquisition Growth Strategy FY18

The Company's growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing monitored security business, through the acquisition of monitored security client bases across Australia.

Throughout the year Threat Protect took significant steps in executing its growth strategy, both in securing funding and the execution of acquisitions.

Over FY18 Threat Protect announced it had completed the acquisition of a total of 7 east coast based security monitoring client bases from within their pool of resellers. This included the acquisition of Alpha Alarms Pty Ltd (“Alpha”) and Seekers Security Management Pty Ltd (“Seekers”).

Acquisition of these monitoring businesses have enhanced the Company’s presence on the Eastern seaboard, adding over 2,800 residential and commercial subscribers in New South Wales, Victoria and Queensland.

During the March 2018 Threat Protect announced that it had acquired Security Alarm Monitoring Service Pty Ltd (“**SAMS**”), a South Australian based security services business for approximately \$8.0m.

Established in 1996, SAMS has grown to be a major privately-owned security monitoring service provider in South Australia, with currently 22,115 monitored connections serviced by 218 resellers.

SAMS is anticipated to contribute in excess of \$5.0m in monitoring revenue annually, and increasing existing monitoring revenue by ~65%. The Company now also owns and operates a purpose built monitoring centre located in Port Lincoln South Australia, accredited by ASIAL as “Grade A1”.

Acquisition Funding FY18

In May 2018 the Company announced it had secured a \$15.0m Revolving Bilateral Facility Agreement (“Facility”) with Macquarie Bank Limited.

Facility funding was conditional on the Company obtaining shareholder approval for the conversion of convertible notes issued which was received at an Extraordinary General Meeting held on 5th July 2018.

The funding facility included the refinancing of the balances of its existing \$3.8m credit facility with National Australia Bank.

Company Outlook FY19

Demand for security in Australia is expected to grow as businesses and households continue to invest in security services and crime-prevention measures. The progress Threat Protect made this year to build out its offering and national reach places the Company in an excellent position to take advantage of this trend.

On 7 June 2018 the Company announced its Earnings Guidance for FY19.

Revenue was quoted to be in excess of \$17.0 million, with FY19 Normalised EBITDA to be in the range of \$3.8 - \$4.0 million.

Normalised EBITDA excludes any “one off” items that are associated with the purchase and integration of recent/ future business acquisitions’.

The Company’s focus remains on growing the current monitoring customer base, and by leveraging the largely fixed cost infrastructure and significant capacity of its existing control rooms through the targeted acquisition of monitored security client bases.

- End -

For further information, contact:

Investors

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About Threat Protect Australia Limited

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**”.

- Threat Protect is a leading Australian security agency fully licensed by WA, NSW, Victoria, Queensland and South Australian police departments, and other national and international bodies.
- We support thousands of residential and business clients in Australia and beyond.
- We will personally evaluate your security needs.
- All products and services meet Australian Standards.
- 24-hour monitoring from our three A1 graded control rooms, located in Perth, NSW and South Australia.



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 2018
Previous Corresponding Reporting Period	30 June 2017

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	15,588	21%
Profit (Loss) from ordinary activities after tax attributable to members	(3,246)	Significant
Net Profit (loss) attributable to members	(3,246)	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 2018 (current period) compared with the year ended 30 June 2017 (prior period). The financial results of Threat Protect Australia Limited and its Australian controlled entities are prepared in accordance with Australian and International Financial Reporting Standards (IFRS).

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

Part 3 – Contents of ASX Appendix 4E

SECTION	CONTENTS
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Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4E
Part 4	Consolidated statement of comprehensive income
Part 5	Consolidated accumulated losses
Part 6	Consolidated statement of financial position
Part 7	Consolidated statement of cash flows
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Part 4 – Consolidated Statement of Comprehensive Income

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Revenue	14,692,292	11,477,957
Other income	896,226	1,436,034
	<u>15,588,518</u>	<u>12,913,991</u>
Cost of sales	<u>(12,480,947)</u>	<u>(8,068,232)</u>
	3,107,571	4,845,759
Administrative expenses	(2,978,583)	(1,499,137)
Business acquisition and integration costs	(924,647)	(715,759)
Compliance and regulatory costs	(339,059)	(351,847)
Finance costs	(1,069,436)	(350,479)
Legal and consulting fees	(43,493)	(61,187)
Marketing and business development	(494,312)	(369,494)
Occupancy costs	(271,118)	(223,106)
Impairment of goodwill (guarding)	(642,310)	-
Share in profit/(loss) of associate using the equity method	21,733	-
Corporate transaction accounting expense	-	-
Profit / (Loss) before tax	<u>(3,633,655)</u>	<u>1,274,750</u>
Income tax benefit / (expense)	387,717	417,586
Net (loss) / profit for the year	<u>(3,245,938)</u>	<u>1,692,336</u>
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:	-	-
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to members of the parent entity	<u>(3,245,938)</u>	<u>1,692,336</u>

Part 5 – Consolidated Accumulated losses

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Balance at start of the period	(11,451,186)	(13,143,522)
Total comprehensive income for the year attributable to the owners of the parent	<u>(3,245,938)</u>	<u>1,692,336</u>
Balance at the end of the period	<u>(14,697,124)</u>	<u>(11,451,186)</u>

Part 6 – Consolidated Statement of Financial Position

	30 June 2018 \$	30 June 2017 \$
Current assets		
Cash and cash equivalents	1,139,298	1,163,364
Trade and other receivables	3,217,180	3,946,763
Financial assets	952,563	182,669
Other current assets	430,179	248,423
Inventories	<u>35,227</u>	<u>32,386</u>
Total current assets	<u>5,774,448</u>	<u>5,573,605</u>
Non-current assets		
Plant and equipment	1,017,686	718,294
Intangible assets	26,485,655	13,601,882
Financial assets	<u>579,533</u>	<u>-</u>
Total non-current assets	<u>28,082,874</u>	<u>14,320,176</u>
Total assets	<u>33,857,322</u>	<u>19,893,781</u>
Current liabilities		
Trade and other payables	6,738,943	5,995,425
Short term provisions	821,595	471,915
Short term borrowings	<u>3,343,046</u>	<u>1,707,386</u>
Total current liabilities	<u>10,903,584</u>	<u>8,174,726</u>
Non-current liabilities		
Long term provisions	130,155	71,168
Long term borrowings	16,942,623	5,603,295
Deferred Tax Liability	<u>4,199,473</u>	<u>1,638,560</u>
Total non-current liabilities	<u>21,272,251</u>	<u>7,313,023</u>
Total liabilities	<u>32,175,835</u>	<u>15,487,749</u>
Net assets	<u>1,681,487</u>	<u>4,406,032</u>
Equity		
Issued capital	14,731,476	14,710,082
Reserves	1,647,135	1,147,135
Accumulated losses	<u>(14,697,124)</u>	<u>(11,451,186)</u>
Total equity	<u>1,681,487</u>	<u>4,406,032</u>

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Cash flows from operating activities		
Receipts from customers	16,576,664	11,940,285
Interest received	23,662	6,338
Interest and borrowing costs paid	(1,317,293)	(353,404)
Operating cash flows from government grants	772,370	-
Payments to suppliers and employees	(16,177,819)	(10,292,492)
Net cash used in operating activities	(122,436)	1,300,727
Cash flows from investing activities		
Payments for businesses, net of cash acquired	(9,671,261)	(2,118,929)
Payments for intangible assets	(2,902,377)	(4,200,000)
Proceeds from sale of intangible assets	28,364	-
Investing cash flows from government grants	789,707	-
Payments for financial assets	(818,006)	(14,700)
Proceeds from realisation of financial assets	14,460	-
Proceeds from sale of property, plant and equipment	8,428	5,481
Payments for property, plant and equipment	(334,668)	(53,040)
Net cash provided by/(used in) investing activities	(12,885,352)	(6,381,188)
Cash flows from financing activities		
Net proceeds from issue of shares	(3,862)	1,403,288
Proceeds from borrowings	16,275,736	4,646,000
Repayment of borrowings	(3,288,152)	(254,045)
Net cash provided by financing activities	12,983,722	5,795,243
Net increase / (decrease) in cash held	(24,066)	714,783
Cash and cash equivalents at the beginning of the period	1,163,364	448,581
Cash and cash equivalents at the end of the period	1,139,298	1,163,364

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 Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Revenue		
Income from provision of goods and services	14,682,985	11,471,619
Interest income	9,305	6,338
	14,692,290	11,477,957
Other income		
Gains on disposal of property, plant and equipment	6,899	100,455
Gains on disposal of intangible assets	28,364	
Research and development grant	-	772,370
Superannuation penalty provision written back	-	545,773
Dividends received	6,580	
Gain on settlement	844,551	-
Other	9,831	17,436
	896,225	1,436,034
Depreciation of property, plant and equipment contained in:		
Cost of sales	(192,620)	(135,576)
Administrative expenses	(57,138)	(25,450)
	(249,758)	(161,026)
Amortisation of intangible assets contained in:		
Cost of sales	(1,609,709)	(745,582)
Marketing and business development	(1,708)	(1,336)
	(1,611,417)	(746,918)

Part 10 – Commentary on Results

Please refer to attached announcement for commentary on results.

Part 11 – Segment Information (Current Year)

Year ended 30 June 2018	Monitoring (\$)	Guarding (\$)	Services (\$)	Total (\$)
Revenue				
Revenue	8,566,678	4,962,354	1,153,953	14,682,985
Total Segment Revenue	8,566,678	4,962,354	1,153,953	14,682,985
<i>Reconciliation of segment revenue to group revenue:</i>				
Interest				9,307
Other income				896,226
Total group revenue and other income				15,588,518
Segment net profit / (loss) from continuing operations before tax	2,256,514	(492,540)	(204,247)	1,559,728
<i>Reconciliation of segment profit / (loss) to group profit / (loss):</i>				
Amounts not included in segment results but reviewed by the board:				
Administrative expenses				2,978,583
Business acquisition and integration costs				924,647
Compliance and regulatory				339,059
Finance costs				1,069,436
Legal costs				43,493
Marketing & business development				494,312
Occupancy expenses				271,118
Share in profit of associate				(21,733)
Income tax benefit				(387,717)
Net profit/(loss) for the year				(3,245,938)
Segment Assets	29,726,042	587,676	35,227	30,348,945
<i>Reconciliation of segment assets to group assets:</i>				
Unallocated assets				3,508,377
Total Assets				33,857,322
Segment Liabilities	5,468,511	419,327	-	5,887,837
<i>Reconciliation of segment liabilities to group liabilities:</i>				
Unallocated liabilities				26,287,998
Total Liabilities				32,175,835

Part 11 – Segment Information (Prior Year)

Year ended 30 June 2017	Monitoring (\$)	Guarding (\$)	Services (\$)	Total (\$)
Revenue				
Revenue	5,239,359	5,618,581	613,679	11,471,619
Total Segment Revenue	5,239,359	5,618,581	613,679	11,471,619
<i>Reconciliation of segment revenue to group revenue:</i>				
Interest				6,338
Other income				1,436,034
Total group revenue and other income				12,913,991
Segment net profit / (loss) from continuing operations before tax	2,998,637	325,172	79,578	3,403,387
<i>Reconciliation of segment profit / (loss) to group profit / (loss):</i>				
Amounts not included in segment results but reviewed by the board:				
Administrative expenses				1,499,137
Business acquisition and integration costs				715,759
Compliance and regulatory				351,847
Finance costs				350,479
Legal costs				61,186
Marketing & business development				369,494
Occupancy expenses				223,106
Income tax benefit				(417,586)
Net profit/(loss) for the year				1,692,336
Segment Assets	15,121,773	1,198,329	32,387	16,352,489
<i>Reconciliation of segment assets to group assets:</i>				
Unallocated assets				3,541,292
Total Assets				19,893,781
Segment Liabilities	674,391	650,146	8,417	1,332,954
<i>Reconciliation of segment liabilities to group liabilities:</i>				
Unallocated liabilities				14,154,795
Total Liabilities				15,487,749

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:

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Trade and other receivables		
Trade receivables	2,110,504	2,745,025
Less: provision for impairment	(126,779)	(539,332)
Accrued income receivable	241,627	133,096
Government grants receivable	911,326	1,588,595
Other receivables	74,349	1,059
Goods and Services Tax receivable	6,153	18,319
	3,217,180	3,946,763
Financial assets		
Current Financial Assets		
Security bonds and guarantees	152,563	182,669
Funds in escrow	800,000	-
Total Current Financial Assets	952,563	182,669
Non Current Financial Assets		
Investment in associate using the equity method (refer note 26)	461,119	-
Equity investments held at cost	118,414	-
Total Non Current Financial Assets	579,533	-
	1,532,096	182,669
Other assets		
Prepayments	430,179	248,423
	430,179	248,423
Plant and equipment		
Plant and equipment	1,984,902	1,463,260
Accumulated depreciation	(967,216)	(744,966)
	1,017,686	718,294
Intangible assets		
Customer related intangibles	21,450,335	10,058,876
Accumulated impairment	(828,000)	(828,000)
Accumulated amortisation	(2,470,213)	(888,601)
	18,152,122	8,342,275
Development costs	2,333,701	1,075,657
Accumulated amortisation	(61,339)	(33,242)
	2,272,362	1,042,415
Intellectual property	14,042	15,751
	14,042	15,751
Goodwill	6,689,436	4,201,441
Accumulated impairment	(642,310)	-
	6,047,129	4,201,441
	26,485,655	13,601,882

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

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Trade and other payables		
Trade payables	1,199,835	1,077,243
Accrued expenses	1,618,034	419,043
Interest payable	422,508	291,921
ATO liabilities	445,765	669,417
Payroll tax liabilities	54,198	175,211
Superannuation payable	139,193	106,126
Deferred consideration	2,448,478	3,204,156
Unearned revenue	381,447	35,651
Other payables	29,485	16,659
	6,738,943	5,995,426
Provisions		
Current provisions		
Short term employee provisions	821,595	471,915
	821,595	471,915
Non-current provisions		
Long term employee provisions	130,155	71,168
	130,155	71,168
Borrowings		
Current borrowings		
Hire purchase and equipment finance	142,339	100,108
<i>Less: Unexpired interest</i>	(4,759)	(15,199)
Short-term borrowings	92,837	60,477
Bank borrowings	3,476,656	1,562,000
<i>Less: Capitalised borrowing costs</i>	(364,025)	-
	3,343,046	1,707,386
Non-current borrowings		
Bank borrowings (reclassified as current)	-	1,200,000
<i>Less: Capitalised borrowing costs</i>	(57,377)	(96,705)
Convertible note	9,000,000	4,500,000
Debenture – First Samuel Limited	8,000,000	-
	16,942,623	5,603,295

Part 13 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
(a) Reconciliation of cash:		
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	1,139,298	1,163,364
	<u>1,139,298</u>	<u>1,163,364</u>
(b) Reconciliation of net cash used in operating activities to loss after income tax		
Profit (loss) after income tax	(3,245,938)	1,692,336
<i>Add non-cash items:</i>		
Depreciation & Amortisation	1,861,176	907,943
Gain on disposal of property, plant and equipment	(35,264)	(100,481)
Impairment of receivables	178,964	65,492
Impairment of goodwill	642,310	-
Non-cash other income	(1,064,979)	(555,872)
Non-cash interest expense	-	15,575
Borrowing costs capitalised	(378,444)	-
Share-based payments expense	550,000	163,586
Income tax benefit	(387,717)	(417,586)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	741,245	(1,418,344)
(Increase) /decrease in prepayments and other assets	707,997	75,791
(Increase)/(decrease) in inventories	21,887	(19,381)
(Increase)/(decrease) in trade and other payables	280,203	883,786
Increase/(decrease) in provisions	6,123	7,882
Net cash provided by /(used in) operating activities	<u>(122,436)</u>	<u>1,300,727</u>

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 30 June 2018	Year Ended 30 June 2017
From continuing operations		
Basic earnings/(loss) per share (cents)	(2.91)	1.57
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	111,586,108	107,563,861

Part 16 – Net Tangible Assets per Security

	30 June 2018	30 June 2017
Net tangible asset backing per ordinary security (cents)	(22.23)	(1.24)

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

Name of entity	Alpha Alarms Pty Ltd	Security Alarm Monitoring Service Pty Ltd ("SAMS")
Date of acquisition	1 December 2017	27 March 2018
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	820,203	798,817
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	636,420	1,897,710
Contribution to consolidated profit/(loss) from ordinary activities from acquisition date	820,203	798,817
Description of acquisition:	The Group acquired 100% of the ordinary share capital and voting rights of Alpha Alarms Pty Ltd ("Alpha Alarms"), a New South Wales based business whose principal activities are the provision of security monitoring services in New South Wales. For further details please refer to note 2 of the accompanying Threat Protect Australia Limited Financial Report for the year ended 30 June 2018.	The Group acquired 100% of the ordinary share capital and voting rights of Security Alarm Monitoring Service ("SAMS"), a South Australian based business whose principal activities are the provision of security monitoring services in South Australia. For further details please refer to note 2 of the accompanying Threat Protect Australia Limited Financial Report for the year ended 30 June 2018.

Part 18 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	As at 30/6/18 %	As at 30/6/17 %	Year ended 30/6/18 \$A'000	Year ended 30/6/17 \$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	nil%	72%	-	-
Aggregate Share of Profit	-	-	-	-
Name of entity	Security House Monitoring Pty Ltd	Security House Monitoring Pty Ltd	Security House Monitoring Pty Ltd	Security House Monitoring Pty Ltd
Associate	42.95%	nil%	21,733	N/A
Joint Venture Entities	N/A	N/A	N/A	N/A
Aggregate Share of Profit	21,733	-	-	-

Part 19 – Issued Securities

	30 June 2018 \$	30 June 2017 \$
Issued capital		
A - Fully paid ordinary shares	<u>14,731,476</u>	<u>14,710,082</u>
<i>The following movements in issued capital occurred during the period:</i>		
	Number of Shares	Number of Shares
Opening balance	779,423,331	721,898,331
Other share issues during the period:		
- 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
- Share-based payment on 29 November 2017	2,000,000	-
- Share consolidation on 29 November 2017	(669,791,697)	
Closing balance (Number of shares)	<u>111,631,634</u>	<u>779,423,331</u>

Part 19 – Issued Securities (continued)

Issued capital (continued)	30 June 2018 \$	30 June 2017 \$
A - Fully paid ordinary shares (continued)		
Opening balance	14,710,082	13,284,696
Other share issues during the period:		
- Issue of shares on 7 November 2016	-	900,000
- Issue of shares on 2 December 2016	-	600,000
- Share-based payment on 29 November 2017	50,000	-
Share issue costs	(3,862)	(74,614)
Movement in tax balances	(24,744)	-
Closing balance (\$)	14,731,476	14,710,082

A – Options reserve	30 June 2018 \$	30 June 2017 \$
<i>The following movements in options occurred during the period:</i>		
	Number of Options	Number of Options
Opening balance	145,900,000	145,900,000
Expired options on 29 November 2017	(900,000)	
Share consolidation on 29 November 2017	(124,285,731)	
Issue of options to directors on 12 February 2018	7,142,856	
Closing balance (number of options)	27,857,125	145,900,000

Part 19 – Issued Securities (continued)

	30 June 2018 \$	30 June 2017 \$
A – Options reserve		
<i>The following movements in the options reserve occurred during the period:</i>		
Opening balance	1,147,135	983,549
Share-based payments	550,000	163,586
Closing balance of options reserve (\$)	1,647,135	1,147,135

Part 20 – Subsequent Events

On 6 August 2018 the group announced the acquisition of the security monitoring client base of Monitored Security Systems Pty Ltd (“MSS”) which is a long term wholesale reseller of Threat Protect’s alarm monitoring services. Consideration for the acquisition is expected to total approximately \$985,000 with a deferred component of approximately \$350,000, expected to settle 12 months from initial acquisition date. The acquisition is expected to contribute approximately \$550,000 per annum to group revenue.

On 10 August 2018, the First Samuel debenture of \$8,000,000 was repaid in full through the utilisation of the Macquarie Bank revolving line of credit facility. This effectively reduced the interest rate on this \$8,000,000 from 6.00% per annum month to 5.68% per annum. The First Samuel debenture’s interest rate was due to increase from 6.00% per annum to 7.00% per annum on 31 August 2018.

On 28 August 2018 the Group received an unconditional written waiver from Macquarie Bank Limited in relation to its breach of covenants as at 30 June 2018.

On 21st August 2018, the group entered into an unsecured note deed facility agreement with First Samuel Limited. The facility limit is \$4,000,000 at a concessional interest rate of 6% per annum for the first 6 months and 7% per annum thereafter. Interest is payable monthly. The term of the facility is 3 years, and the facility is available for use for working capital purposes. \$1,000,000 of this facility was drawdown on 22nd August 2018 (\$3,000,000 remains available at this date).

There were no significant subsequent events since the reporting date, other than those reported above.

Part 21 – Audit/Review Status

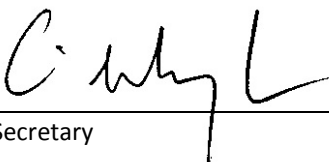
This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	✓	The accounts have not yet been audited or reviewed	

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:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable

Signed: 
Company Secretary

Dated: 31 August 2018

Print name: Simon Whybrow