THREAT PROTECT

26 February 2021

Half Year Results
Period ended 31 December 2020

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

HIGHLIGHTS FOR THE HALF YEAR

- Monitoring revenues remain stable over the last 12 months
- Sales, general and administration expenses reduced by $200,000 for the half year through consolidation of administrative operations
- Reduced integration costs delivered significantly improved cash EBITDA ($2.3 million v $0.4 million)
- Cash from operations stronger at $1.9 million for the half year compared with $2.7 million cash used in operations in the same period last year

Results

The first half of FY2021 has seen improved EBITDA cash and cashflow from operations in comparison to the same period in the prior year, resulting from the ongoing focus on synergies and cost reductions.

Revenue is stable with customer retention improved in the recent 6 months. Training and protective services contracts initially at risk due to COVID-19 have been retained and delayed contracts recovered in the period. Monitoring revenue has stabilised in FY2021 half year after declining compared to the FY2020 comparative period as a result of addressing unprofitable customers and constrained growth during the initial COVID-19 period.

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 AUSTRALIA LIMITED
ACN 060 774 227 | ABN 36 060 774 227

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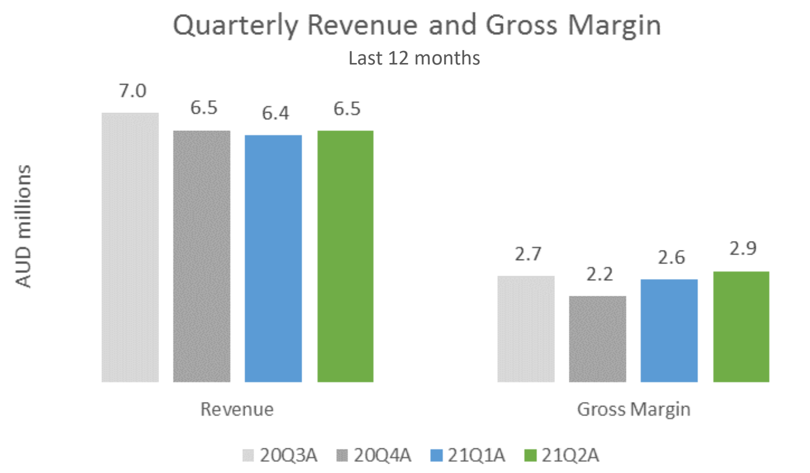
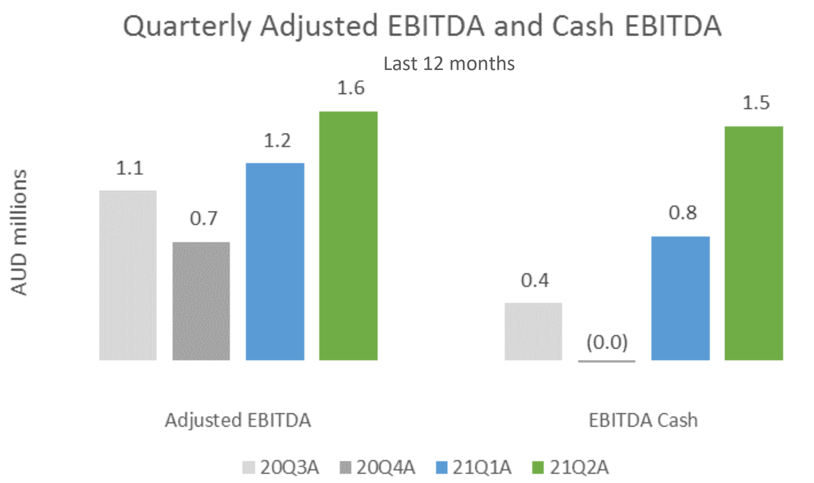
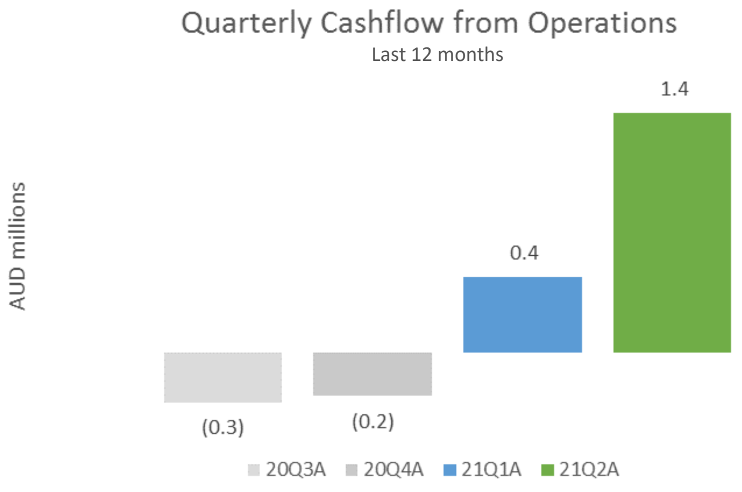


The cost reduction program has driven an improving gross margin and cash EBITDA. Productivity gains are a continued focus both in the monitoring operations and in administration. Operations and administration capacity have been consolidated, and synergies continue to be realised through system streamlining and purchasing economies of scale.



Cash from operations improved quarter on quarter as a result of improved cash EBITDA. A cash repayment of $2m was made to financiers in addition to interest payments in December.



New growth initiatives into the high growth PERS (Personal Emergency Response System) have continued with good initial take-up. Cost synergies are expected to continue to be realised and along with the regular opportunities for growth by acquisition funded through cashflow, a strong organic pipeline is being developed.

This announcement has been authorised for release by the Board.

End -

For further information, contact:

Investors

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

1. Company details

Name of entity:	Threat Protect Australia Limited
ABN:	36 060 774 227
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

		$'000
Revenues from ordinary activities	decreased by 9.4% to	12,838
Loss from ordinary activities after tax attributable to the owners of Threat Protect Australia Limited	decreased by 17.2% to	(5,813)
Loss for the year attributable to the owners of Threat Protect Australia Limited	decreased by 17.2% to	(5,813)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $5,813,000 (31 December 2019: $7,019,000).

For further details refer to 'HY21 Half-Year Report and Commentary' that follows this Appendix 4D.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(23.45)	(22.87)

Right-of-use assets have no been treated as intangible assets for the purposes of the tangible asset calculation.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The auditor's review report contains a paragraph addressing material uncertainty related to going concern.

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10. Attachments

Details of attachments (if any):

The Half-Year Report of Threat Protect Australia Limited for the half-year ended 31 December 2020 is attached.

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11. Signed

As authorised by the Board of Directors

Signed ____________________________ Date: 26 February 2021

Demetrios Pynes
Managing Director

Threat Protect Australia Limited

ABN 36 060 774 227

Half-Year Report - 31 December 2020

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'The Group' or 'Group') consisting of Threat Protect Australia Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2020.

Directors

The following persons were directors of Threat Protect Australia Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Derek La Ferla	Non-Executive Chairman
Demetrios Pynes	Managing Director
Dimitri Bacopanos	Non-Executive Director
Dennison Hambling	Non-Executive Director
Peter Kennan	Non-Executive Director

Principal activities

During the financial half-year the principal continuing activity of the Group consisted of the provision of security, monitoring and risk management services in Australia.

Review of operations

Revenue has stabilised with customer retention improved in the recent six months. Revenue from ordinary activities amounted to $12,838,000 (31 December 2019: $14,164,000). The reduction on the comparative period resulted from the reduction of ad hoc guarding work available and a reduction in customer accounts monitored, the majority of which were deemed to be unprofitable at an EBITDA level. The account growth has returned following a period of COVID-19 impact which reduced the ability to engage with customers.

With a focus on cash production, cost cutting initiatives and a reduction in the scale of integration activities has improved the operating performance of the group. The loss for the Group after providing for income tax amounted to $5,813,000 (31 December 2019: $7,019,000). The loss reduced as a result of reduced business acquisition and integration costs and amortisation of intangible assets when compared to the prior year.

Net cash generated from operating activities amounted to $1,919,000 (31 December 2019: $2,677,000 net cash used), a turnaround of $4,596,000. This improvement resulted from enhanced profitability and working capital management.

There is a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern. Refer to note 2 to the financial statements for further details.

Significant changes in the state of affairs

At a General Meeting of shareholders held on 31 July 2020, approval was given for the replacement of 6,500,000 loan notes held by Black Crane into convertible securities through the issue of 6,500,000 convertible notes. The loan notes of $6,500,000 plus capitalised borrowing costs disclosed as a current liability at 30 June 2020 has been reclassified as non-current convertible notes in the current half-year financial period.

On 29 December 2020, the Group announced the acquisition of the customer base of SMS Security Monitoring, an existing reseller of Threat Protect. SMS Security Monitoring ('SMS') is a Western Australian security company that has been a reseller client of the South Australian monitoring business since 2015. SMS currently services 1,482 monitoring customers. The customer base was acquired for $1,400,000 of which $752,000 is payable in cash, including $276,000 that is only payable in 12 months based on retention of acquired revenue levels. The purchase was funded using operational cash reserves.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Demetrios Pynes
Managing Director

26 February 2021

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF THREAT PROTECT AUSTRALIA LIMITED

As lead auditor for the review of Threat Protect Australia Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Threat Protect Australia Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2021

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Revenue			
Revenue from contracts with customers	4	12,838	14,164
Cost of sales - operations		(7,340)	(8,212)
Cost of sales - depreciation and amortisation		(147)	(162)
Total cost of sales		(7,487)	(8,374)
Gross profit		5,351	5,790
Other income	5	178	158
Interest revenue calculated using the effective interest method		-	1
Expenses			
Administration		(2,288)	(1,925)
Compliance and regulatory costs		(186)	(365)
Marketing and business development expenses		(276)	(468)
Marketing and business development - depreciation and amortisation		(3,744)	(4,413)
Business acquisition and integration		(973)	(2,742)
Finance costs	6	(3,875)	(3,988)
Loss before income tax benefit		(5,813)	(7,952)
Income tax benefit		-	933
Loss after income tax benefit for the half-year attributable to the owners of Threat Protect Australia Limited		(5,813)	(7,019)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Threat Protect Australia Limited		(5,813)	(7,019)
		Cents	Cents
Basic earnings per share	13	(2.41)	(3.32)
Diluted earnings per share	13	(2.41)	(3.32)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Threat Protect Australia Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Assets			
Current assets			
Cash and cash equivalents		2,414	4,134
Trade and other receivables		2,087	3,035
Contract assets		454	316
Inventories		35	35
Other		856	734
Total current assets		5,846	8,254
Non-current assets			
Financial assets at fair value through profit or loss	11	-	192
Property, plant and equipment		1,078	959
Right-of-use assets		315	291
Intangibles	7	34,110	36,159
Other		151	187
Total non-current assets		35,654	37,788
Total assets		41,500	46,042
Liabilities			
Current liabilities			
Trade and other payables	8	10,208	9,334
Contract liabilities		935	910
Borrowings	9	2,011	8,216
Lease liabilities		272	193
Provisions		1,331	1,193
Total current liabilities		14,757	19,846
Non-current liabilities			
Borrowings	9	48,936	42,277
Lease liabilities		130	197
Provisions		61	300
Total non-current liabilities		49,127	42,774
Total liabilities		63,884	62,620
Net liabilities		(22,384)	(16,578)
Equity			
Issued capital	10	39,379	39,379
Reserves		391	1,874
Accumulated losses		(62,154)	(57,831)
Total deficiency in equity		(22,384)	(16,578)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	33,981	1,874	(25,451)	10,404
Loss after income tax benefit for the half-year	-	-	(7,019)	(7,019)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(7,019)	(7,019)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	5,382	-	-	5,382
Balance at 31 December 2019	39,363	1,874	(32,470)	8,767

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2020	39,379	1,874	(57,831)	(16,578)
Loss after income tax expense for the half-year	-	-	(5,813)	(5,813)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(5,813)	(5,813)
Transactions with owners in their capacity as owners:				
Share options expired during the half-year	-	(1,483)	1,490	7
Balance at 31 December 2020	39,379	391	(62,154)	(22,384)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Threat Protect Australia Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	14,600	15,165
Payments to suppliers and employees (inclusive of GST)	(11,525)	(16,246)
	3,075	(1,081)
Interest received	-	1
Interest and other finance costs paid	(1,291)	(1,597)
Government grants received	135	-
Net cash from/(used in) operating activities	1,919	(2,677)
Cash flows from investing activities		
Payments for financial assets	(180)	(1)
Payments for property, plant and equipment	(228)	(266)
Payments for intangibles	(967)	(1,296)
Net cash used in investing activities	(1,375)	(1,563)
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	-	5,382
Repayment of borrowings	(2,139)	(1,137)
Repayment of lease liabilities	(125)	(107)
Net cash from/(used in) financing activities	(2,264)	4,138
Net decrease in cash and cash equivalents	(1,720)	(102)
Cash and cash equivalents at the beginning of the financial half-year	4,134	2,146
Cash and cash equivalents at the end of the financial half-year	2,414	2,044

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Threat Protect Australia Limited ('Company' or 'parent entity') as a Group ('The Group' or 'Group') consisting of Threat Protect Australia Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Threat Protect Australia Limited's functional and presentation currency.

Threat Protect Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 678 Murray Street
West Perth WA 6005

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the 6 months ended 31 December 2020, the Group recorded a loss after tax of $5,813,000 (2019: $7,019,000) and had net cash inflows from operating activities of $1,919,000 (2019: net cash outflows of $2,677,000). As at 31 December 2020, the Group had a deficiency in working capital of $$8,911,000 (30 June 2020: $11,592,000).

The ability of the Group to continue as a going concern and to fund its operational activities is dependent on operating cashflows as indicated below.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board and Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of the financial statements.

Note 2. Significant accounting policies (continued)

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;
- The working capital deficiency contains amounts not currently owing but that will be due to be settled within the next 12 months. Of these amounts, 36% relates to amounts owing to the Australian Taxation Office. The Group is currently in communications with the Australian Taxation Office regarding formal repayment plans. The execution of these repayment plans is a key estimate in the Directors assessment of going concern;
- The Group has a number of financing arrangements in place including a $35,532,000 facility with Soliton drawn at balance date. This facility contains a number of compliance covenants which the Group is required to meet. The Directors expect to comply with these covenants and maintain the ongoing support of its financiers; and
- The Directors expect the business to trade profitably and generate positive operating cash flow.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments
The Group operates predominantly in the security services industry, providing security alarm monitoring and installations as well as security guarding services across Australia.

The Group has identified its operating segments based on the internal reports that are provided to the Board on a monthly basis that are used in determining the allocation of resources across the Group. Management has identified the operating segments of the Group based on the three distinctive types of services provided by the Group – security alarm and CCTV monitoring ('Monitoring'), security guarding and personnel services ('Protective services') and Alarm and CCTV installation and maintenance services ('Service').

Unless stated otherwise, all amounts reported to the Board, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment transactions
An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event that the sale or services was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements. Corporate charges are recognised in 'All other segments' which contains the treasury and oversight functions of the Group.

Intersegment receivables, payables and loans
Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items
Any items noted below as 'unallocated' are not allocated to operating segments as they are not considered part of the core operations of any segment in particular.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2020	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	10,772	1,838	228	12,838
Total revenue	10,772	1,838	228	12,838
Segment result	5,174	177	-	5,351
Other income				178
Administration expenses				(2,288)
Compliance and regulatory costs				(186)
Marketing and business development expenses				(276)
Marketing and business development - depreciation and amortisation				(3,744)
Business acquisition and integration costs				(973)
Finance costs				(3,875)
Loss before income tax expense				(5,813)
Income tax expense				-
Loss after income tax expense				(5,813)
Assets				
Segment assets	36,246	967	85	37,298
Unallocated assets				4,202
Total assets				41,500
Liabilities				
Segment liabilities	4,442	586	-	5,028
Unallocated liabilities				58,856
Total liabilities				63,884

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2019	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Revenue				
Sales to external customers	11,550	2,290	324	14,164
Total revenue	11,550	2,290	324	14,164
Segment result	5,874	162	(246)	5,790
Other income including interest received				159
Administration expenses				(1,925)
Compliance and regulatory costs				(365)
Marketing and business development expenses				(468)
Marketing and business development - depreciation and amortisation				(4,413)
Business acquisition and integration				(2,742)
Finance costs				(3,988)
Loss before income tax benefit				(7,952)
Income tax benefit				933
Loss after income tax benefit				(7,019)

Consolidated - 30 Jun 2020	Monitoring $'000	Protective services $'000	Services $'000	Total $'000
Assets				
Segment assets	38,751	574	35	39,360
Unallocated assets:				
Various				6,682
Total assets				46,042
Liabilities				
Segment liabilities	3,261	199	-	3,460
Unallocated liabilities:				
Various				59,160
Total liabilities				62,620

Note 4. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Major product lines		
Ongoing services	12,304	13,049
One-off services	459	917
Equipment sales	75	198
	12,838	14,164
Geographical regions		
Australia	12,838	14,164
Timing of revenue recognition		
Goods and services transferred at a point in time	534	1,115
Services transferred over time	12,304	13,049
	12,838	14,164

Note 5. Other income

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Net gain on disposal of investments	33	-
Net gain on settlement of contingent consideration	50	56
Government grants	85	-
Other income	10	102
Other income	178	158

Government grants
During the half-year the Group received payments from the Australian Government amounting to $85,000 as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Group will comply with any conditions attached.

Note 6. Expenses

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	117	46
Motor vehicles	5	10
Monitoring infrastructure	64	100
Buildings right-of-use assets	112	96
Total depreciation	298	252
Amortisation		
Development assets	516	715
Intellectual property	1	1
Customer contracts	3,173	3,659
Total amortisation	3,690	4,375
Total depreciation and amortisation	3,988	4,627
Finance costs		
Interest and finance charges paid/payable on borrowings	3,854	3,963
Interest and finance charges paid/payable on lease liabilities	21	25
Finance costs expensed	3,875	3,988
Leases		
Short-term lease payments	-	128

Note 7. Intangibles

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Non-current assets		
Goodwill - at cost	34,598	34,598
Less: Accumulated impairment	(22,988)	(22,988)
	11,610	11,610
Development assets - at cost	5,698	5,550
Less: Accumulated amortisation	(3,421)	(2,904)
Less: Impairment	(1,702)	(1,702)
	575	944
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(8)	(7)
	15	16
Customer contracts - at cost	41,259	39,765
Less: Accumulated amortisation	(18,521)	(15,348)
Less: Accumulated impairment	(828)	(828)
	21,910	23,589
	34,110	36,159

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Development assets $'000	Intellectual property $'000	Customer contracts $'000	Total $'000
Balance at 1 July 2020	11,610	944	16	23,589	36,159
Additions	-	147	-	1,494	1,641
Amortisation expense	-	(516)	(1)	(3,173)	(3,690)
Balance at 31 December 2020	11,610	575	15	21,910	34,110

Note 8. Trade and other payables

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Current liabilities		
Trade payables	1,669	1,420
Contingent consideration	723	1,158
Accrued expenses	917	1,438
Interest payable	145	153
Payable to ATO	5,255	3,508
Other payables	1,499	1,657
	10,208	9,334

Note 9. Borrowings

	Consolidated 31 Dec 2020 $'000	30 Jun 2020 $'000
Current liabilities		
Other short-term borrowings	11	88
Borrowings - Soliton Capital Partners Pty Ltd	2,000	2,000
Borrowings - Black Crane	-	6,624
Capitalised borrowing costs - Black Crane	-	(525)
Hire purchase	-	29
	2,011	8,216
Non-current liabilities		
Unsecured note - First Samuel Limited	9,106	8,810
Borrowings - Soliton Capital Partners Pty Ltd	31,897	33,184
Capitalised borrowing costs	1,635	283
Convertible notes - Black Crane	6,298	-
	48,936	42,277

In April 2020, the Group issued unsecured convertible notes to Black Crane Asia Opportunities Fund ('Black Crane') to the value of $6,500,000, convertible at $0.10 per share. The notes have a term of 3 years and at the time of issue the notes were subject to shareholder approval relating to the conversion of the notes into shares. As the notes were fully repayable in the event that shareholder approval was not obtained within 90 days of note issue, the notes were deemed to be classified as current liabilities as at 30 June 2020. On 31 July 2020, shareholder approval for conversion was obtained and the notes have been reclassified as non-current as a result. Interest on the notes now accrues at a rate of 5% per annum (30 June 2020: 9% per annum) and accrues monthly. Interest is only payable upon final repayment or by conversion to shares if the loan is repaid. Black Crane can elect to convert some or all of the notes into shares only within a 10-business day conversion window commencing on each 1 January, 1 April, 1 June and 1 October.

On 31 December 2020, the Group made a significant repayment of $2,000,000 to Soliton Capital Partners Pty Ltd in line with the terms of the borrowings.

Assets pledged as security
Borrowings to Soliton Capital Partners Pty Ltd are secured over the general property of the Group.

The Group has fully utilised its borrowings facilities at reporting date.

Note 10. Issued capital

	Consolidated 31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $'000	30 Jun 2020 $'000
Ordinary shares - fully paid	240,956,278	240,956,278	39,379	39,379

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Note 11. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	723	723
Total liabilities	-	-	723	723

Consolidated - 30 Jun 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss	-	-	192	192
Total assets	-	-	192	192
Liabilities				
Contingent consideration	-	-	1,158	1,158
Total liabilities	-	-	1,158	1,158

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

The fair value of contingent consideration payable is management’s estimate of the final consideration payable for each customer and business acquisition and relates to actual customer numbers and revenues expected within 12 months of acquisition date, less amounts already paid.

Note 11. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Financial assets at fair value through profit or loss $'000	Contingent consideration $'000
Balance at 1 July 2020	192	1,158
Additions	-	251
Disposals	(192)	-
Payments	-	(686)
Balance at 31 December 2020	-	723

Note 12. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2020 and 30 June 2020.

The Group has given bank guarantees as at 31 December 2020 of $128,000 (30 June 2020: $128,000) to Westpac as a contractual requirement relating to one of customer contracts.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Loss after income tax attributable to the owners of Threat Protect Australia Limited	(5,813)	(7,019)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	240,956,278	211,367,283
Weighted average number of ordinary shares used in calculating diluted earnings per share	240,956,278	211,367,283
	Cents	**Cents**
Basic earnings per share	(2.41)	(3.32)
Diluted earnings per share	(2.41)	(3.32)

Options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future. There were no options on issue as at 31 December 2020 (30 June 2020: 13,571,422).

Note 14. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the Group for the financial half-year ended 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Demetrios Pynes
Managing Director

26 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Threat Protect Australia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Threat Protect Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 26 February 2021