



THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227

NOTICE OF GENERAL MEETING

TIME: 10.00am AWST
DATE: 23 February 2017
PLACE: Cliftons, Ground Floor, Parmelia House,
191 St Georges Terrace, Perth
PERTH WA 6000

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 2922

CONTENTS PAGE

Business of the Meeting	3
Explanatory Statement	4
Annexure	7
Glossary	9
Proxy Form	10

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of the Shareholders, to which this Notice of General Meeting relates, will be held at 10.00am WST on 23 February 2017 at Cliftons, Ground Floor, Parmelia House, Perth WA 6000.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 10.00am WST on 21 February 2017.

VOTING IN PERSON

To vote in person, attend the General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

-  each member has a right to appoint a proxy;
-  the proxy need not be a member of Threat Protect Australia Limited; and
-  a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the members' votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

-  if proxy holders vote, they must cast all directed proxies as directed; and
-  any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

-  the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
-  if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
-  if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
-  if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

-  an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of Threat Protect Australia Limited members; and
-  the appointed proxy is not the chair of the meeting; and
-  at the meeting, a poll is duly demanded on the resolution; and
-  either of the following applies:
 -  the proxy is not recorded as attending the meeting;
 -  the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DEFINED TERMS

Capitalised terms in this Notice of General Meeting and Explanatory Statement are defined either in the “Glossary” Section or where the relevant term is first used.

ASIC AND ASX

A final copy of this Notice of General Meeting and Explanatory Statement has been lodged with ASIC and ASX.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - CHANGE TO SCALE OF ACTIVITIES

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That in accordance Listing Rule 11.1.2, and for all other purposes, approval is given for the Company to make a significant change to the scale of its activities as set out in the Explanatory Statement."

Voting exclusion

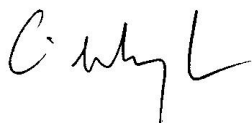
The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 20 January 2017

By Order of the Board



Simon Whybrow

COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 - CHANGE TO SCALE OF ACTIVITIES

1.1 Background

Resolution 1 seeks approval from Shareholders for a change to the scale of the activities of the Company.

On 5 January 2017, the Company entered into two option agreements (**Agreements**) with Apollo Security Pty Ltd (**Apollo**) whereby Apollo has granted the Company two options (**Options**) to acquire Grade One Security Monitoring and Queensland Security Rangers (together, the **Apollo Businesses**), which are two of Apollo's security service businesses based in New South Wales and Queensland respectively (the **Transaction**).

The Apollo Businesses were initially established in 2007 and have grown to be major privately owned security monitoring service providers on the eastern seaboard of Australia. Grade One Security Monitoring, the New South Wales division of Apollo, operates a control room in Sydney and provides monitored security services to both residential and commercial clients in New South Wales and Queensland (through the monitored lines of Queensland Security Rangers). For the Company, the Transaction would add approximately 250 resellers nationwide and service over 16,000 monitored customers.

1.2 Agreements

The material terms of the Agreements are as follows:

- (a) The Company has paid an option fee of \$150,000 (**Option Fee**), which will be offset against the aggregate purchase price in the event the Company exercises the Options.
- (b) The Option Fee is fully refundable unless and until the Options are exercised by the Company.
- (c) The Company must exercise the Options on or before 31 March 2017.
- (d) The aggregate purchase price of the Transaction, should the Options be exercised by the Company, is approximately \$6,000,000, with:
 - (i) \$3,700,000 payable in cash to Apollo at completion of the Transaction; and
 - (ii) the balance of the purchase price being payable 12 months post completion of the Transaction. The calculation of the balance payable is subject to a purchase price adjustment in respect of the Apollo Businesses monitoring revenue averaged over the 12 month period following completion of the Transaction.
- (e) If the Options are exercised by the Company, the parties will negotiate and enter into formal agreements whereby both parties will give warranties and undertakings considered standard for acquisition agreements of this nature.
- (f) The Transaction is subject to the Company completing satisfactory due diligence enquiries and obtaining Shareholder approval for the purposes of Listing Rule 11.1.2.

1.3 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposed to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- provide ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- if ASX requires, obtain shareholder approval and comply with any requirements of ASX in relation to the associated notice of meeting; and
- if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that given the potential change in the scale of the Company's activities resulting from the Transaction, the Company is required to obtain Shareholder approval for the purposes of Listing Rule 11.1.2. Accordingly, Resolution 1 seeks approval from Shareholders for a change to the scale of the activities of the Company.

As required by ASX Guidance Note 12: *Significant Changes to Activities*, the following information is provided in relation to Resolution 1:

(a) **Material terms of the transaction**

A summary of the key terms of the Agreements are set out in Section 1.2.

(b) **Financial effect of the transaction on the entity and on the interests of security holders**

Assuming both Options are exercised, the financial effect of the Transaction on the Company and on the interests of Shareholders is set out below:

Particulars	TPS Audited YE 2016	Full Effect of Transaction	Post Transaction Analysis - Pro forma	Percentage Change due to Transaction
Total Consolidated Assets	6,822,479	6,000,000	12,822,479	88%
Total Equity	1,124,723	-	1,124,723	0%
Annual Revenue	7,403,831	3,200,000	10,603,831	43%
Annual Profit/ (Loss) (before tax and extraordinary items)	(1,486,382)	947,000	(538,382)	64%
Total no. of Shares	771,898,331	-	771,898,331	0%
Total no. of Options	145,900,000	-	145,900,000	0%

Assuming both Options are exercised, the pro-forma statement of financial position of the Company is annexed at the Annexure.

(c) **Details of how the entity will be modifying its business model to accommodate the significant change in the scale of the entity's activities**

Other than as disclosed elsewhere in this Notice, the Board has no current intention of making any changes to the business model of the Company as a result of any significant change in the scale of the Company's activities which may arise in connection with the Transaction, other than to expand its business operations further in New South Wales and commence business operations in Queensland. The Company's operational staff possesses the expertise to maximize the efficiencies acquired as a result of the Transaction.

(d) **Information about the entity's need to borrow any funds or raise any capital in the short term as a result of the transaction**

The Transaction will be fully funded by the Company's Facility and Convertible Note Agreement with First Samuel Limited announced to ASX on 3 November 2016. As at the date of this Notice, the Company has not issued any convertible notes (**Convertible Notes**) to First Samuel Limited. If Shareholders approve Resolution 1, the Company intends to issue Convertible Notes prior to the proposed completion date of the Transaction, being 1 March 2017, to fund the first tranche of the Transaction purchase price.

The conversion of Convertible Notes into Shares pursuant to the Facility and Convertible Note Agreement is subject to the Company obtaining Shareholder approval for the purposes of item 7 of Section 611 of the Corporations Act. The Company intends to obtain Shareholder approval for the conversion of Convertible Notes into Shares at its 2017 Annual General Meeting.

(e) **Changes proposed to the entity's board or senior management**

At the date of this Notice, it is not intended that any changes will be made to the Board or senior management of the Company in connection with the Transaction.

(f) **Timetable for implementing the transaction**

An indicative timetable of the Transaction is set out below:

Indicative Timetable	Date
Mail out to Shareholders of Notice of General Meeting and Explanatory Statement	20 January 2017
Announcement to ASX of General Meeting	20 January 2017
Due diligence enquiries	20 January – 22 February 2017
General Meeting	23 February 2017
Exercise of Options	24 February 2017
Completion of Transaction	1 March 2017

The Company notes that the timetable is subject to change.

1.4 **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

1. **ENQUIRIES**

Shareholders are requested to contact Mr. Simon Whybrow on + 61 8 9322 2922 if they have any queries in respect of the matters set out in these documents.

ANNEXURE

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated 2016 \$	Apollo Transaction \$	Pro-forma 2016 \$
Current assets				
Cash and cash equivalents		448,581		448,581
Trade and other receivables		1,138,018		1,138,018
Financial assets		167,969		167,969
Inventories		13,005		13,005
Other current assets		137,764		137,764
Total current assets		1,905,337		1,905,337
Non-current assets				
Plant and equipment		375,962		375,962
Intangible assets	1	4,541,180	6,000,000	10,541,180
Total non-current assets		4,917,142	6,000,000	10,917,142
Total assets		6,822,479	6,000,000	12,822,479
Current liabilities				
Trade and other payables		1,803,249		1,803,249
Provisions		1,027,277		1,027,277
Borrowings	2	2,783,826	3,700,000	6,483,826
Total current liabilities		5,614,352	3,700,000	9,314,352
Non-current liabilities				
Financial liabilities	3	-	2,300,000	2,300,000
Provisions		63,795		63,795
Borrowings		19,609		19,609
Total non-current liabilities		83,404	2,300,000	2,383,404
Total liabilities		5,697,756	2,300,000	11,697,756
Net assets		1,124,723		1,124,723
Equity				
Issued capital		13,284,696		13,284,696
Reserves		983,549		983,549
Accumulated losses		(13,143,522)		(13,143,522)
Total equity		1,124,723		1,124,723

Notes:

1. Total acquisition cost of approximately \$6M as per ASX announcement on 5 January 2017.
2. \$3.7M funded via First Samuel convertible note on completion.
3. \$2.3M balance to be settled 12 months following completion (deferred consideration).

PRO-FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated 2016 \$	Apollo Transaction \$	Pro-forma 2016 \$
Continuing operations				
Revenue	1	7,244,718	3,200,000	10,444,718
Other income		159,113		159,113
		7,403,831	3,200,000	10,603,831
Costs of sales		(5,836,157)	(1,920,000)	(5,836,157)
	2	1,567,674	1,280,000	2,874,674
Administrative expenses		(220,023)		(220,023)
Compliance and regulatory costs		(454,382)		(454,382)
Depreciation and amortisation		(293,073)		(293,073)
Employment costs		(1,175,493)		(1,175,493)
Finance costs	3	(399,772)	(333,000)	(732,772)
Impairment		(30,560)		(30,560)
Legal and consulting fees		(57,397)		(57,397)
Marketing and business development		(135,807)		(135,807)
Occupancy costs		(287,549)		(287,549)
		(1,486,382)	947,000	(539,382)
Extraordinary items				
Business acquisition and integration costs		(871,750)		(871,750)
Share-based payments		(983,549)		(983,549)
Corporate transaction accounting expense		(2,407,444)		(2,407,444)
Profit/(Loss) before income tax		(5,749,125)	947,000	(4,802,125)
Income tax benefit / (expense)		378,015		378,015
		(5,371,110)	947,000	(4,424,110)
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:		-		-
		-		-
Total comprehensive income attributable to members of the parent entity				
		(5,371,110)	947,000	(4,424,110)

Notes:

1. Anticipated annual recurring security monitoring revenue, as per ASX announcement 5 January 2017.
2. Anticipated annual profit contribution.
3. Finance cost of first tranche of funding via First Samuel convertible note agreement.

GLOSSARY

\$ means Australian dollars.

Agreements mean the option agreements entered into between the Company and Apollo Security Pty Ltd.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Threat Protect Australia Limited (ACN 060 774 227).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of General Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

PROXY FORM
APPOINTMENT OF PROXY
THREAT PROTECT AUSTRALIA LIMITED
ACN 060 774 227



GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00AM WST, on 23 February 2017 at Cliftons, Ground Floor, Parmelia House, 191 St Georges Terrace, Perth WA 6000, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote, to the extent permitted by law.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Change to scale of activities	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important for Resolution 1.

If you have not directed your proxy how to vote as your proxy in respect of Resolution 1, all resolutions referred to in paragraph below next to box] and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐ I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolution 1 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail:

YES ☐ NO ☐

THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to the Company, PO Box 561, BELMONT WA 6984; or
 - (b) facsimile to the Company on facsimile number +61 (08) 9322 9711,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.