

Vault Intelligence Limited

ASX Preliminary final report – 30 June 2017

Lodged with the ASX under Listing Rule 4.3A

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Vault Intelligence Limited
Year ended 30 June 2017
(Previous corresponding period:
Year ended 30 June 2016)

Results for Announcement to the Market

	12 months ended 30 June 2017 \$	12 months ended 30 June 2016 Restated \$	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	2,779,247	2,722,409	2.09%
(Loss)/profit from ordinary activities after tax attributable to members	(3,453,551)	(2,482,414)	(39.12)%
Net (Loss)/profit attributable to members	(3,453,551)	(2,482,414)	(39.12)%

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend

Not Applicable

Explanation of Revenue

Vault has elected to apply AASB 15 as issued in December 2014, which has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements, including results for prior periods. The Group has applied the full retrospective approach to adopting the new standard. The effect of the change in policy results in the income from software services being recognised over the service period of the contract rather than upon receipt, and the recognition of a liability on the balance sheet with respect to deferred income to be recognised over the course of the following financial year. This has resulted in a restatement of revenue from software services for the 2016 income year.

It is noted that other income from the 2016 year of \$440k has been excluded from the comparison of revenue from ordinary activities as it was related to one-off transactions not related to normal operations of the business.

Explanation of Net Profit/(loss)

Following its successful listing on the ASX in July 2016, 2017 has seen Vault invest into its growth strategy by:

- Opening offices in Melbourne and Perth;
- Hiring enterprise sales executives in Sydney and Perth;
- Developing partner sales channels;
- Opening a product development hub in Melbourne to enhance our commitment to R&D and the process of continuous improvement;
- Developing new mobile apps and incorporating the latest technology to enhance the Vault product suite;
- Developing a new user interface to improve the user experience;
- Redesigning and re-branding its website and marketing activities; and
- Retiring pre-listing bank debt

Whilst this has resulted in an increase in its operational expenditures, these investments have been necessary to deliver on Vault's growth targets in FY18 and beyond.

Refer to the separate Operations Review which follows this Appendix 4E for further commentary on the results for the year ended 30 June 2017.

Vault Intelligence Limited

ABN 15 145 040 857

Appendix 4E- 30 June 2017

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This consolidated Appendix 4E is for the Group consisting of Vault Intelligence Limited and its subsidiaries.	

This Appendix 4E presented in Australian dollars (\$).

Vault Intelligence Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Vault Intelligence Limited
Suite 5, Level 1
12-20 Railway Road
Subiaco WA 6008

All press releases, financial reports and other information are available at our Shareholders' Centre on our website:
www.vaultintel.com

This Appendix 4E is based on accounts which are in the process of being audited. The 30 June 2017 financial report, when audited, is likely to contain an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Consolidated statement of comprehensive income

for the year ended 30 June 2017

	Notes	Consolidated entity	
		2017 \$	Restated 2016 \$*
Software Revenue		2,183,461	2,012,216
Other Operating Income		569,511	709,749
Interest received		26,275	444
Other income		-	439,915
Total Revenue and Income		2,779,247	3,162,324
Marketing and Advertising		(164,338)	(57,369)
Occupancy expenses		(279,131)	(123,210)
Administrative expenses		(501,849)	(302,098)
Employee benefits expense		(3,391,179)	(1,826,118)
Depreciation and amortisation		(349,611)	(310,991)
Interest expense		(50,936)	(95,706)
Bad debts expense		(20,317)	(365)
Loss on disposal of assets		(273)	(12,672)
Share based payments		(594,173)	(312,135)
Cost of listing		-	(1,667,172)
Web Hosting expense		(185,578)	(145,299)
Foreign exchange gain / loss		(13,386)	(88,208)
Travel expenses		(305,462)	(156,738)
Insurance expenses		(69,621)	(21,711)
Other		(289,078)	(536,712)
Loss before income tax		(3,435,685)	(2,494,180)
Income tax expense		(38,772)	-
Loss for the period		(3,474,457)	(2,494,180)
Other Comprehensive income/(loss) for the year			
<i>Items that may be reclassified to profit and loss</i>			
Foreign currency translation reserve differences		20,906	11,766
		20,906	11,766
Total comprehensive loss for the year		(3,453,551)	(2,482,414)
Loss attributable owners of Vault Intelligence Ltd:		(3,453,551)	(2,482,414)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.558)	(0.971)
Diluted loss per share (cents)	(0.558)	(0.971)

* See note 2 for details regarding the change in accounting policy.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 30 June 2017

		Consolidated entity		
	Notes	2017 \$	Restated 2016 \$*	Restated 2015 \$*
ASSETS				
Current assets				
Cash and cash equivalents	3(a)	1,375,812	4,170,332	31,884
Trade and other receivables	3(b)	323,273	444,034	247,338
Inventories		-	41,409	-
Current tax receivables		1,990	-	-
Total current assets		1,701,075	4,655,775	279,222
Non-current assets				
Property, plant and equipment		161,026	80,749	34,741
Intangible assets	4(a)	1,167,216	1,346,101	1,225,212
Other non-current assets		25,000	-	-
Term and security deposits		454,184	-	-
Total non-current assets		1,807,426	1,426,850	1,259,953
Total assets		3,508,501	6,082,625	1,539,175
LIABILITIES				
Current liabilities				
Trade and other payables	3(c)	428,416	855,224	595,569
Borrowings	3(d)	83,571	678,144	60,040
Bank Overdraft		105,519	267,760	265,516
Current tax liabilities		-	65,248	-
Employee benefit obligations		187,040	124,817	77,804
Deferred revenue	3(e)	797,502	801,255	781,995
Total current liabilities		1,602,049	2,792,448	1,780,924
Non-current liabilities				
Borrowings	3(d)	-	38,123	336,338
Total non-current liabilities		-	38,123	336,338
Total liabilities		1,602,049	2,830,571	2,117,262
Net assets		1,906,452	3,252,054	(578,087)
EQUITY				
Share capital	5(a)	13,678,022	12,164,246	6,141,516
Other reserves	5(b)	694,393	79,314	(222,278)
Accumulated Losses		(12,465,963)	(8,991,506)	(6,497,325)
Total equity		1,906,452	3,252,054	(578,087)

* See note 2 for details regarding the change in accounting policy.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2017

Consolidated entity	Notes	Attributable to owners of Vault Intelligence Limited				Total equity \$
		Share capital \$	Option Reserve \$	Accumulated losses \$	Foreign currency translation reserve \$	
Balance at 1 July 2015		6,141,516	-	(5,715,331)	(222,278)	203,907
Adjustment on change in accounting policy	2	-	-	(781,995)	-	(781,995)
Total equity at the beginning of the financial year		6,141,516	-	(6,497,326)	(222,278)	(578,088)
Profit / (Loss) for the period		-	-	(2,494,180)	-	(2,494,180)
Other comprehensive income		-	-	-	11,767	11,767
Total comprehensive loss for the period		-	-	(2,494,180)	11,767	(2,482,413)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	5(a)	6,022,730	-	-	-	6,022,730
Employee share schemes - value of employee services	5(b)	-	289,825	-	-	289,825
		6,022,730	289,825	-	-	6,312,555
Balance at 30 June 2016		12,164,246	289,825	(8,991,506)	(210,511)	3,252,054
Balance at 1 July 2016		12,164,246	289,825	(8,991,506)	(210,511)	3,252,054
Profit / (Loss) for the period		-	-	(3,474,457)	-	(3,474,457)
Other comprehensive income		-	-	-	20,906	20,906
Total comprehensive loss for the period		-	-	(3,474,457)	20,906	(3,453,551)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	5(a)	1,513,776	-	-	-	1,513,776
Employee share schemes - value of employee services	5(b)	-	594,173	-	-	594,173
		1,513,776	594,173	-	-	2,107,949
Balance at 30 June 2017		13,678,022	883,998	(12,465,963)	(189,605)	1,906,452

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

Consolidated statement of cash flows

for the year ended 30 June 2017

	Notes	Consolidated entity	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		3,305,315	2,984,080
Payments to suppliers and employees (inclusive of goods and services tax)		(6,103,184)	(2,913,311)
Interest received		26,275	444
Interest paid		(50,936)	(95,706)
Net cash outflow from operating activities		(2,822,530)	(24,493)
Cash flows from investing activities			
Payments for property, plant and equipment		(124,585)	(89,817)
Payments for term and security deposits		(454,184)	-
Payment of software development costs		(83,300)	-
Purchase of intangible assets		-	(402,621)
Payments for other assets		(25,000)	-
Net cash outflow from investing activities		(687,069)	(492,438)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	5(a)	1,657,776	4,375,100
Proceeds from borrowings		-	539,289
Repayment of borrowings		(632,696)	(219,400)
Cash acquired from acquisition		-	132,885
Capital raising costs		(144,000)	(174,739)
Net cash inflow from financing activities		881,080	4,653,135
Net (decrease) increase in cash and cash equivalents		(2,628,519)	4,136,204
Cash and cash equivalents at the beginning of the financial year		3,902,572	(233,632)
Effects of exchange rate changes on cash and cash equivalents		(3,760)	-
Cash and cash equivalents at the end of the financial year	3(a)(i)	1,270,293	3,902,572

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

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1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this Appendix 4E to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. This Appendix 4E is for the Group consisting of Vault Intelligence Limited and its subsidiaries.

(a) Basis of preparation

(i) *Going Concern*

During the financial year, the Group has experienced operating losses and negative cash flows as it has invested in growing the sales and marketing capabilities of the business. This Appendix 4E has been prepared on a going concern basis as the Directors are satisfied that the Group's cash balance (net of overdrafts) of \$1,270,293 is adequate to enable the Group to meet its committed operational expenditure for at least twelve months from the date of this Appendix 4E.

The Directors have based this on the following pertinent matters:

- The Group's sales pipeline forecasts strong growth in cash inflows;
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Group raised new equity in the year ended 30 June 2017 through a Placement and Share Purchase Plan, and retains the ability to raise further capital if required.

This determination is dependent, in particular, on the Group achieving its forecast growth in sales. In addition, the Group's operational expenditure forecasts do not include any significant committed capital expenditure over this period. Should the Group commit to any significant expenditure on software or business development in excess of that budgeted, they may need to raise additional working capital prior to doing so.

As a result, there is some uncertainty that may cast doubt on the Group's ability to continue as a going concern without instigating cost cutting measures and raising further capital to continue the Group's aggressive sales and development programs. However, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared this Appendix 4E on a going concern basis.

2 Change in accounting policy

Change in accounting policy (AASB 15)

The Group has elected to apply AASB 15 as issued in December 2014, which resulted in changes to the accounting policy and adjustments to the amounts recognised in the financial statements. The Group has applied the full retrospective approach to adopting the new standard.

The Group's new accounting policy for revenue is as follows:

(i) *Sale of software subscription contracts*

The Group sells subscriptions to its cloud based and mobile EHS software solutions. Customers make monthly, quarterly, half-annually or annual up-front subscription payments to access the software, cloud based storage for databases and access to an online helpdesk. The software licence cannot be separated from the cloud based delivery mechanism and therefore the combined service is accounted for as a single performance obligation, recognised over the relevant subscription period on a straight line basis.

(ii) *Consulting, training and data migration services*

The Group provides EHS consulting services on using the Vault software and implementation assistance to transfer existing data onto the Vault system as separate services, typically at the inception of a contract with a customer. These services have distinct deliverables and revenue is recognised when the services are delivered, based on their relative stand-alone selling price.

Change in accounting policy

(ii) Consulting, training and data migration services (continued)

The principal change from the previous accounting policy is in relation to the recognition of revenue on the sale of software subscription contracts. Under the Group's previous policy, revenue was recognised for software subscriptions once the customer was provided access to the software, on the basis that the buyer had access to the rewards of ownership of the product and the Group's continuing involvement was not significant. The new policy therefore results in a deferral of revenue.

(iii) Impact of the change

To reflect this change in accounting policy, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2015):

	As at 30 June 2015 \$	Impact of AASB 15 \$	As at 1 July 2015 \$
Deferred revenue	-	781,995	781,995
Accumulated losses	(5,715,330)	(781,995)	(6,497,325)

In addition, the following adjustments have been made to restate the consolidated balance sheet at the end of the comparative period (30 June 2016):

	30 June 2016 Previously Presented \$	Impact of AASB 15 \$	30 June 2016 Restated \$
Deferred revenue	-	801,255	801,255
Accumulated losses	(8,190,251)	(801,255)	(8,991,506)

The following adjustments have been made to restate the consolidated statement of comprehensive income for the year ended (30 June 2016):

	30 June 2016 Previously Presented \$	Impact of AASB 15 \$	Restated \$
Revenue	3,181,584	(19,260)	3,162,324
Loss before income tax expense	(2,474,920)	(19,260)	(2,494,180)
Basic and diluted loss per share	(0.963)	(0.008)	(0.971)

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

	Consolidated entity	
	2017	2016
	\$	\$
Current assets		
Cash at bank and in hand	<u>1,375,812</u>	<u>4,170,332</u>

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Consolidated entity	
	2017	2016
	\$	\$
Balance as above	1,375,812	4,170,332
Bank Overdraft	(105,519)	(267,760)
Balances per consolidated statement of cash flows	<u>1,270,293</u>	<u>3,902,572</u>

(b) Trade and other receivables

	Consolidated entity	
	2017	2016
	Total	Total
	\$	\$
Trade receivables	275,281	424,232
Other receivables	19,712	19,802
Prepayments	28,280	-
	<u>323,273</u>	<u>444,034</u>

No receivables are impaired.

(c) Trade and other payables

	Consolidated entity	
	2017	2016
	\$	\$
Current liabilities		
Trade payables	406,671	834,542
Other payables	21,746	20,682
	<u>428,417</u>	<u>855,224</u>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Financial assets and financial liabilities

(d) Borrowings

	Notes	Consolidated entity					
		Current	2017 \$ Non- current	Total	Current	2016 \$ Non- current	Total
<i>Secured</i>							
Bank loans		-	-	-	462,327	-	462,327
Other loans		-	-	-	-	38,123	38,123
Total secured borrowings		-	-	-	462,327	38,123	500,450
<i>Unsecured</i>							
Other Loans		83,571	-	83,571	215,817	-	215,817
Total unsecured borrowings		83,571	-	83,571	215,817	-	215,817
Total borrowings		83,571	-	83,571	678,144	38,123	716,267

Other loans as at 30 June 2017 consist of the following:

Item	Balance (\$)
Insurance Funding	12,966
Car Lease Liability	70,605
Total	83,571

(e) Deferred Revenue

	2017 \$	Restated 2016 \$
Carrying amount at start of year	801,255	781,995
Value of software subscriptions sold	2,165,275	2,029,886
Amounts credited to software revenue during year	(2,183,461)	(2,012,216)
Foreign exchange movement	14,433	1,590
	797,502	801,255

Included within amounts credited to software revenue during the year is \$801,255 (2016: \$781,995) that was included in the contract liability balance at the beginning of the period. Management expects that all (2016: all) of the closing Deferred Revenue balances will be recognised as revenue during the next reporting period.

4 Non-financial assets and liabilities

(a) Intangible assets

Consolidated entity	Internally generated software	Total
Non-Current assets	\$	\$
At 1 July 2015		
Cost	1,683,840	1,683,840
Accumulated amortisation and impairment	(458,628)	(458,628)
Net book amount	<u>1,225,212</u>	<u>1,225,212</u>
Year ended 30 June 2016		
Opening net book amount	1,225,212	1,225,212
Additions - development	405,426	405,426
Exchange differences	(1,162)	(1,162)
Amortisation charge	(283,375)	(283,375)
Closing net book amount	<u>1,346,101</u>	<u>1,346,101</u>
At 30 June 2016		
Cost	2,076,884	2,076,884
Accumulated amortisation and impairment	(730,783)	(730,783)
Net book amount	<u>1,346,101</u>	<u>1,346,101</u>
Year ended 30 June 2017		
Opening net book amount	1,346,101	1,346,101
Additions - development	83,300	83,300
Exchange differences	44,028	44,028
Amortisation charge	(306,213)	(306,213)
Closing net book amount	<u>1,167,216</u>	<u>1,167,216</u>
At 30 June 2017		
Cost	2,204,212	2,204,212
Accumulated amortisation and impairment	(1,036,996)	(1,036,996)
Net book amount	<u>1,167,216</u>	<u>1,167,216</u>

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- IT Development and Software 5 - 7 years

5 Equity

(a) Share capital

	Notes	2017 \$	2017 Shares	2016 \$	2016 Shares
Ordinary shares					
Opening balance		12,164,246	565,226,065	6,141,516	1,323,336
Share Issue 31 December 2015		-	-	82,600	28,150
Completion shares		-	-	-	217,273
Sale of shares		-	-	-	(1,568,759)
Vault Intelligence residual shares		-	-	-	98,726,065
Public offer share issue		1,657,776	55,259,995	4,300,000	215,000,000
Vendor shares		-	-	1,974,521	250,000,000
Officer shares		-	-	30,000	1,500,000
Costs of issue		(144,000)	-	(364,391)	-
Contingent rights conversion		-	75,000,000	-	-
		13,678,022	695,486,060	12,164,246	565,226,065
Contingent Share Rights¹					
Opening balance		-	75,000,000	-	-
Vendor consideration		-	-	-	75,000,000
Conversion of contingent rights		-	(75,000,000)	-	-
Closing balance		-	-	-	75,000,000

1 - The contingent share rights were issued on 22 June 2016 as part consideration for the acquisition of the NGBI Group issued during the period.

The ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. Ordinary shares entitle shareholders to a vote at general meetings.

The contingent share rights shares do not participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held nor do they entitle shareholders to a vote at general meetings.

Each contingent share converted into one (1) fully paid ordinary share in the capital of Vault Intelligence Limited on 9 November 2016 upon the Group receiving confirmation from the Group's auditors² that the Group achieved its Performance Milestone for the year ended 30 June 2016.

2 - Crowe Horwath were the Group's auditors for the year ended 30 June 2016

(i) Options

The total number of options outstanding at 30 June 2017 is 62,300,000 (30 June 2016: 60,300,000)

Equity

(b) Other reserves

(i) Nature and purpose of other reserves

Share-based payments

The options reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity's functional currency into the Group's presentation currency are recognised in other comprehensive income as described in note and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated entity	
	2017	2016
	\$	\$
Foreign currency translation	(189,605)	(210,511)
Option reserve	883,998	289,825
	694,393	79,314

(ii) Option Reserve

	2017	2017	2016	2016
	\$	No.	\$	No.
Opening balance	-	-	-	-
Vault Intelligence Residual Options (i)	-	-	-	13,000,000
Officers Issue (ii)	-	2,300,000	-	2,300,000
KPI Options (iii)	169,750	20,000,000	-	20,000,000
Broker Options (iv)	289,825	25,000,000	289,825	25,000,000
Management Options (v)	388,068	12,000,000	-	-
Management Options (vi)	28,537	2,000,000	-	-
Management Options (vii)	7,818	1,000,000	-	-
Closing balance	883,998	62,300,000	289,825	60,300,000

(i) The amount payable upon exercise of each residual Option was \$0.25 (Exercise Price) and each Option expired at 5.00pm (WST) on 6 December 2016 (Expiry Date). No Options were exercised and all lapsed on the Expiry Date.

(ii) The Officer's Issue have an exercise price of \$0.04 (Exercise Price) and an expiry date of three years from the date on which the options were issued (Expiry Date). They were issued on 22 June 2016.

(iii) The KPI Options have an exercise price of \$0.04 (Exercise Price) and an expiry date of three years from the date on which the KPI Options were issued (Expiry Date). Subject to satisfaction of the Vesting Conditions, the KPI Options are exercisable at any time on or prior to the Expiry Date. They were issued on 22 June 2016. The KPI Options shall be subject to the following vesting conditions (Vesting Conditions):

Equity

(b) Other reserves (continued)

(ii) Option Reserve (continued)

Recipient	No. of KPI Options	Vesting Conditions
David Moylan	5,000,000	Company achieving audited revenue of \$4 million in a financial year
Trent Innes	5,000,000	Company achieving audited revenue of \$4 million in a financial year
Robert Kirtlan	2,500,000	Company achieving audited revenue of \$4 million in a financial year
Samuel Smart	2,500,000	Company achieving audited revenue of \$4 million in a financial year
David Moylan	5,000,000	Company achieving audited revenue of \$6 million in a financial year

(iv) The Broker Options have an exercise price of \$0.025 (Exercise Price) and an expiry date of three years from the date on which the Broker Options were issued (Expiry Date). They were issued at an issue price of \$0.0001 each on 22 June 2016.

(v) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$4 million in a financial year.

(vi) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$6 million in a financial year.

(vii) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$10 million in a financial year.

The option reserve records items recognised as expenses over the vesting period on valuation of employee share options. Officer options vested on grant and have been expensed. The expense will be recorded over the time/period the options take to vest.

(iii) Foreign Currency Translation Reserve

	Consolidated entity	
	2017	2016
	\$	\$
Opening balance	(210,511)	(222,277)
Movements on translation of foreign subsidiary operations during and at period end	20,906	11,766
Closing balance	(189,605)	(210,511)

6 Earnings per share

(a) Basic earnings per share

	Consolidated entity	
	2017	2016
Loss used to calculate basic EPS	(3,474,457)	(2,494,181)

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as the Group incurred a loss for the year and therefore is not considered dilutive.

There are 62,300,000 options on issue that may result in a dilutive effect in future periods.

(c) Weighted average number of shares used as the denominator

	Consolidated entity	
	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	622,896,969	256,890,187

7 Segment information

(a) Identification of Reportable Segments

The Group operates in one operating segment being the provision of cloud-based and mobile EHS software within 2 jurisdictions, being Australia and New Zealand. Software revenue and other operating income for the Group in each jurisdiction was as follows:

	Australia \$	New Zealand \$	Total \$
2017 Operating Segments			
Software revenue	597,610	1,585,851	2,183,461
Other Operating Income	78,121	491,390	569,511
Total	<u>675,731</u>	<u>2,077,241</u>	<u>2,752,972</u>
	Australia \$	New Zealand \$	Total \$
2016 Operating Segments (Restated)			
Software revenue	667,685	1,344,532	2,012,216
Other Operating Income	144,207	565,542	709,749
Total	<u>811,892</u>	<u>1,910,074</u>	<u>2,721,965</u>

8 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Notes	Consolidated entity 2017 \$	Restated 2016 \$*
Profit for the period		(3,474,457)	(2,494,180)
Adjustment for			
Depreciation and amortisation		349,611	310,991
Share-based payments		594,173	312,135
Net loss on sale of non-current assets		273	12,672
Net exchange differences		11,918	13,645
Bad debts expense		20,317	-
Income tax expense		38,772	-
Cost of listing		-	1,667,172
Change in operating assets and liabilities:			
(Increase) / decrease in trade debtors		145,761	(196,696)
(Increase) / decrease in inventories		41,409	(41,409)
Increase / (decrease) in trade creditors		(541,541)	371,917
Increase/(decrease) in income taxes payable		(67,238)	-
Increase / (decrease) in employee provisions		62,223	-
Increase/(decrease) in deferred revenue		(3,751)	19,260
Net cash outflow from operating activities		<u>(2,822,530)</u>	(24,493)

Vault Intelligence Limited
Supplementary Appendix 4E information

Dividend/distribution information

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Dividend/distribution reinvestment plans

The company does not operate a dividend reinvestment plan.

NTA Backing

	2017	2016
Net tangible asset backing per ordinary share (cents)	0.106	0.575

Controlled entities acquired or disposed of

The Group did not acquire or dispose of any entities during the period.

Associates and Joint Venture entities

The Group has no interests in associate or joint venture entities

Commentary on results

Earnings per share

See consolidated statement of comprehensive income and note 6.

Returns to shareholders

There were no returns to shareholders.

Significant features of operating performance and trends

Refer to following management commentary

Results of segments

Refer to note 7 for details of operational segments.

Audit / Review Status

The report is based on accounts to which once of the following applies			
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.	

This report is based on accounts which are in the process of being audited. The 30 June 2017 financial report, when audited, is likely to contain an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Additional disclosure have been included in Note 1 to the Preliminary Financial Report.

31 August 2017

Product, Sales and Digital Strategy provides Strong Platform for Growth and Momentum

- Revenue from the sale of software services increased 8.51% to \$2.18m
- Revenue from ordinary activities increased by 2.09% to \$2.80m
- Record last quarter achieved in new enterprise contract signings and contracted revenue including three major contracts
- Sales pipeline reaches record levels in response to increased and innovative digital marketing campaign
- Conversion of China Apps completed and proof of concepts nearing completion
- Reseller Partner program initiated and delivering results with immediate sales
- Vault Enterprise Platform refresh nears release as well as two of three new Apps now in pre-delivery testing
- Vault now managing in excess of 1 million people across 30 plus industries

Risk, compliance and safety software provider Vault Intelligence Limited (ASX: VLT), (Vault, the Company) is pleased to present its preliminary full year results for the year ending 30 June 2017.

Business Positioning

Vault, in its first 12 months since listing, has seen rapid advancement in terms of its commercialisation of products, digital marketing and most importantly embedding its sales strategy and positioning of the business. The first half of the reporting period saw a significant change with transforming the business from a localised business to positioning the Company for sustainable global growth and expansion. In order to achieve our strategy, critical and necessary changes were put into place which incurred lower than expected sales during the first half of period. The successful implementation of these initiatives is evidenced in the growth of our business with an upturn in momentum and sales as evidenced by the record sales growth achieved in the last quarter.

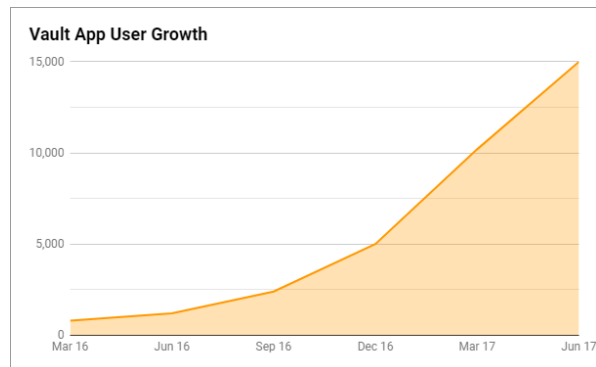
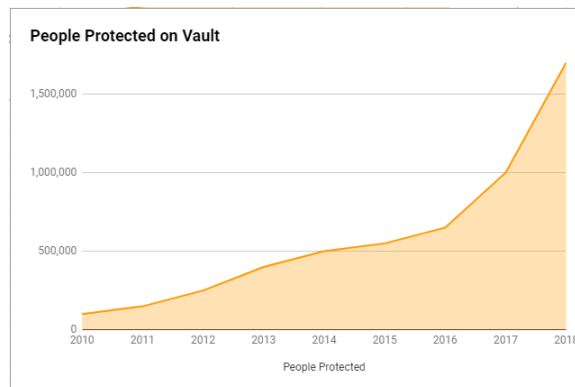
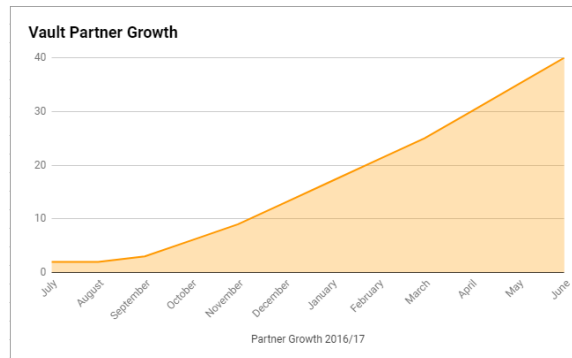
The Company continues to drive its sales to a higher level, with several initiatives in place including the activation of the reseller program, digital marketing optimisation, refinement of sales practices, increased exposure in the market and specialist sales personnel to drive

direct sales.

In addition, the Company has appointed an experienced and successful enterprise sales executive to head up enterprise sales and continue the drive and momentum achieved over the last quarter. This has added significant capability to the business and has opened additional networks, channels and opportunities and is already producing results.

Operational Highlights

- The company now has a clear and proven Go-To Market strategy aimed at Vault achieving maximum market penetration
- Vault is now managing in excess of 1 million employees and contractors across 30 plus industries and is target to achieve business goal of 5 million by 2020
- The Enterprise platform has also been the subject of UI/UX upgrade and is being prepared for market launch in September. The Company is looking forward to introducing the new look Enterprise platform to new and existing customers. The new package is expected to significantly enhance the opportunities and conversions of new sales over coming months
- The updated Enterprise platform will be fully responsive allowing mobile users the ability to utilise the full functionality of the Vault software on a mobile
- Launch of two of three new Apps is forecast to occur during Q1 FY2018 with encouraging pre-sales discussions undertaken with existing and potential clients
- Vault is working on disruptive next generation IoT such as sensors, beacons and clothing connecting to the Vault suite of products
- Vault's lone worker application known as Solo will be released in September and the conversion to use Solo on smartwatches is underway
- The Company has been working to convert several of its Applications for use in China with first trials of the Check App product currently underway. Results from several companies trialling this product is expected during September
- The Vault Reseller/Partner program successfully launched and is rapidly growing and creating significant opportunities from their customer bases and networks. This has had an immediate effect with increased sales
- Vault has positioned itself to take advantage of a huge market in China / SEA that lacks a suitable product and is executing this strategy through China based alliances and resellers. Whilst Vault is focused on its core Aust/NZ business and its growth, China is an unusual opportunity and one the Company will continue to pursue.



Outlook

Vault has been proactive, recently conducting a strategic review into the operation of business during the last financial year, with several measurable initiatives implemented to improve efficiencies and performance.

The key areas covered during the review focused on Enterprise sales, alliances and channels; internal and external communication and promotion, as well as streamlining operations and resources to minimise expenses and cash burn. Subsequently, the Board has approved a rigorous budget aimed at decreasing the cash burn over the coming quarters as the Annualised Recurring Revenue continues to increase. Management will be closely monitoring the adherence of costs against the approved budget for FY 17/18.

Ends.

For more information, please contact:

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Vault Intelligence Limited (ASX: VLT) is an online/SaaS development business specialising in creating solutions in the Risk, Environment, Health and Safety (EHS) sector. Vault operates across more than 30 industries and in several parts of the world.

Vault's leading cloud-based systems provide its clients with the benefits of cost savings and the availability of real-time information to monitor, maintain and improve their businesses. Driven by a passionate team of developers and EHS industry experts, Vault delivers its enterprise-level software and mobile solutions to more than 2,000 business sites, encompassing 1,000,000+ users.

To find out more about how Vault solutions can help to minimise risk and boost effectiveness in your workplace visit www.vaultintel.com