






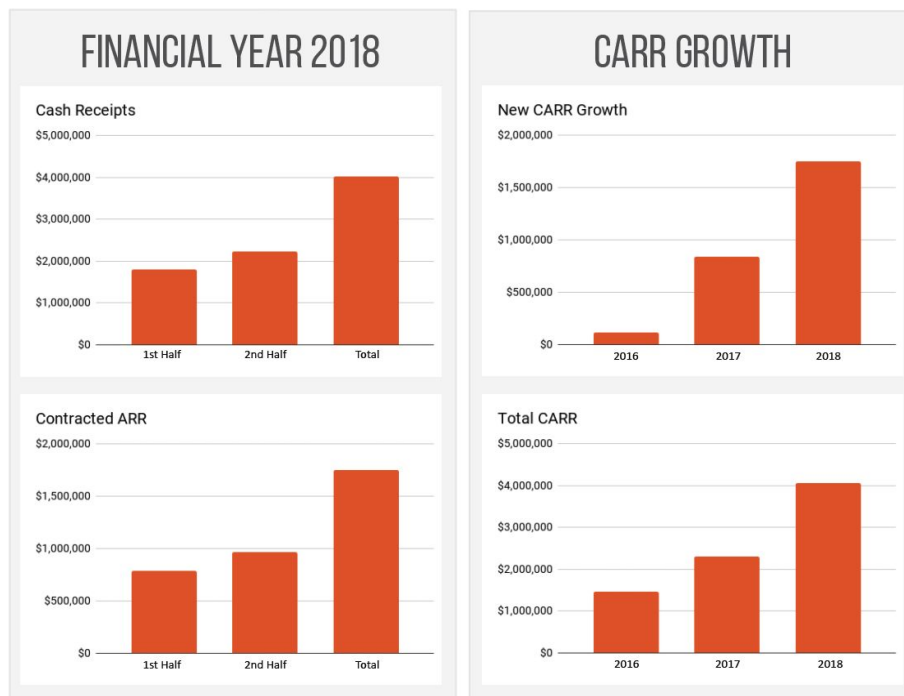
Vault Intelligence Limited

Appendix 4E Financial Statements

Vault Intelligence Limited (**ASX:VLT**) (**Vault** or **the Company**), the leading SaaS business delivering solutions in the Risk, Environment, Health and Safety (**EHS**) sector is pleased to provide its Appendix 4E Financial Statements for the 2017 - 2018 financial year (FY18).

Financial Year Highlights

- 
FY18 Record CARR Growth of 76% Year on Year (YoY)
 New Contracted Annualised Recurring Revenue CARR for FY18 totaled \$1.75m; representing 76% YoY growth on FY17
- 
FY18 total CARR achieves \$4m Market Forecast
 Total CARR for FY18 reached \$4.05m which delivers on the market forecast set 12 months earlier
- 
FY18 Record Total Cash Receipts up 22% to \$4.02m
 Gross Cash receipts up 22% YoY
- 
Product Range lifted to new levels
 Extensive development and refinement of the product range creates anticipated strong demand and growth in FY19 for Vault 3 Enterprise and Vault Solo Lone Worker
- 
All Broader Key Metrics Up for the Year
 Customer numbers over 400, workers protected +1m, App users +22k, industry sector coverage up



Vault Performance

FY18 has been excellent with Vault delivering record results in the two areas of performance criteria used by the Company to monitor business performance; cash receipts and CARR.

Cash receipts for the final quarter of FY18 saw the business break through the \$1m barrier of cash received from customers for the first time, primarily from sales of Vault 3 (V3).

Vault delivered on its \$4m CARR market forecast made twelve months prior in spite of delays in the upgrade of the enterprise platform to the new flagship V3.

Vault has been aggressively pursuing improvement to its mobile suite of products which will be delivered into FY19. Vault Solo pre-sales interest has continuing momentum with new and existing customers committing to both the purchase and conduct of trials. The successful trial and deployment of Vault Solo across the current client base and potential new large customers is expected to accelerate in Q1 and Q2 FY19.

FY18 also saw work commence on Chinese Check App and more recently Chinese V3. FY19 will see a ramping up of commitment to the China strategy as interest in the products gains interest and traction.

In line with sales growth and product development the Company has had to add more staff and notably sales support, developers and customer success program personnel. The Company ended the financial year with AUD equivalent funds of \$3m in cash and receivables.

At Board, executive and operational level the Company has attracted high calibre individuals to equip the Company with the necessary skills to position it to become a global player in the EHS/Risk sector.

The year ahead will be an exciting and challenging one for the Company as V3 deployment accelerates, Solo Lone Worker product is taken to market, new versions of mobile Apps are released, new product lines in development are released, and a committed focus on China product is enabled.

Ends.

For more information:

Investor Relations

Evy Litopoulos

+61 419 773 505

evy@vaultintel.com



22k+
Mobile App Users

830+
Businesses

30+
Industry Sectors

400+
Enterprise Customers

1m+
Workers Protected

About Vault Intelligence Limited

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 1,000,000+ people across 30 industries.

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

Follow Us On



Caution Regarding Forward Looking Statements

This announcement may contain forward looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. Unless expressly stated, the Company does not provide any forecast regarding revenues that maybe derived from a particular customer contract, as such revenues are generally dependent upon the extent of the usage of the Company’s product suite. Any forward looking statements are made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward looking statements, whether as the result of new information, future events or results or otherwise.

Vault Intelligence Limited ASX Preliminary final report – 30 June 2018

Lodged with the ASX under Listing Rule 4.3A

Contents

| | |
|--|----|
| Results for Announcement to the Market | 2 |
| Preliminary consolidated statement of comprehensive income | 5 |
| Preliminary consolidated balance sheet/statement of financial position | 7 |
| Preliminary consolidated statement of retained earnings/ statement of changes in equity | 8 |
| Preliminary consolidated statement of cash flows | 9 |
| Notes to the preliminary consolidated financial statements | 10 |
| Other Appendix 4E Information | 22 |

Vault Intelligence Limited
Year ended 30 June 2018
(Previous corresponding period:
Year ended 30 June 2017)

Results for Announcement to the Market

| | 12 months ended 30 June 2018 \$ | 12 months ended 30 June 2017 \$ | Percentage increase / (decrease) over previous corresponding period |
|---|--|--|--|
| Revenue from ordinary activities | 3,054,232 | 2,779,247 | 9.89% |
| (Loss)/profit from ordinary activities after tax attributable to members | (2,659,915) | (3,453,551) | (22.98%) |
| Net (Loss)/profit attributable to members | (2,659,915) | (3,453,551) | (22.98%) |

| 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's primary source of revenue, software revenue, is delivered via its cloud based enterprise platform and accompanying mobile apps. Revenue from providing services via the Vault's enterprise platform and applications is recognised over the subscription period of the customer's contract. This results in the recognition of a liability on the balance sheet with respect to deferred income to be recognised over the course of the remainder of the subscription period.

Explanation of Net Profit/(loss)

Vault has continued to invest in its growth strategy in 2018 by:

- Expanding and adding experience to its development team;
- Strengthening its product development processes;
- Developing new product including Vault Solo, a solution for protecting lone workers;
- Launched its refreshed Vault 3 enterprise platform;
- Converting the Vault enterprise system for use in the China market;
- Continuing to make inroads into the Australian market;
- Investing in modern systems to allow efficient and scalable growth; and
- Continued development of partner sales channels.

Operational expenditure has remained consistent with 2017 after considering the capitalised amounts of product development costs. Continued investment has been necessary to deliver on Vault's growth targets in FY18 and beyond.

Refer to the separate Operations Review released with this Appendix 4E for further commentary on the results for the year ended 30 June 2018.

Vault Intelligence Limited

ABN 15 145 040 857

Appendix 4E - 30 June 2018

Contents

| | Page |
|--|------|
| Appendix 4E | |
| Consolidated statement of comprehensive income | 5 |
| Consolidated balance sheet | 7 |
| Consolidated statement of changes in equity | 8 |
| Consolidated statement of cash flows | 9 |
| Notes to the Appendix 4E | 10 |

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

The Appendix 4E is 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 2018 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 2018

| | Notes | Consolidated entity | |
|--|-------|---------------------|--------------------|
| | | 2018 \$ | 2017 \$ |
| Software revenue | | 2,524,699 | 2,183,461 |
| Other revenue | | 502,556 | 569,511 |
| Interest received | | 26,977 | 26,275 |
| Total Revenue and Income | | 3,054,232 | 2,779,247 |
| Marketing and advertising | | (182,085) | (164,338) |
| Occupancy expenses | | (334,618) | (279,131) |
| Administrative expenses | | (954,234) | (501,849) |
| Employee benefits expense | | (3,177,449) | (3,391,179) |
| Depreciation and amortisation | | (401,654) | (349,611) |
| Interest expense | | (31,329) | (50,936) |
| Bad debts expense | | (2,791) | (20,317) |
| Loss on disposal of assets | | (1,552) | (273) |
| Share based payments | | 68,017 | (594,173) |
| Web hosting expense | | (213,875) | (185,578) |
| Foreign exchange loss | | (143,293) | (13,386) |
| Travel expenses | | (322,817) | (305,462) |
| Insurance expenses | | (33,165) | (69,621) |
| Other | | (327,769) | (289,078) |
| Operating loss | | (3,004,382) | (3,435,685) |
| Other Income | | | |
| Government grants | | 271,657 | - |
| Net gain/(loss) on disposal of property, plant and equipment | | 9,144 | - |
| Loss before income tax | | (2,723,581) | (3,435,685) |
| Income tax expense | 3 | - | (38,772) |
| Loss for the year | | (2,723,581) | (3,474,457) |
| Other Comprehensive income/(loss) for the year | | | |
| <i>Items that may be reclassified to profit and loss</i> | | | |
| Foreign currency translation reserve differences | | 63,666 | 20,906 |
| | | 63,666 | 20,906 |
| Total comprehensive loss for the year | | (2,659,915) | (3,453,551) |
| Loss attributable owners of Vault Intelligence Ltd: | | (2,659,915) | (3,453,551) |

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

Consolidated statement of comprehensive income

| | Cents | Cents |
|---|----------------|---------|
| Loss per share for loss attributable to the ordinary equity holders of the Company (note 7): | | |
| Basic earnings per share (cents) | (0.340) | (0.558) |
| Diluted earnings per share (cents) | (0.340) | (0.558) |

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

Consolidated balance sheet

as at 30 June 2018

| | Notes | 2018 \$ | 2017 \$ |
|--------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4(a) | 2,168,782 | 1,375,812 |
| Trade and other receivables | 4(b) | 604,030 | 323,273 |
| Current tax receivables | | 5,569 | 1,990 |
| Total current assets | | <u>2,778,381</u> | <u>1,701,075</u> |
| Non-current assets | | | |
| Property, plant and equipment | 5(a) | 206,177 | 129,926 |
| Intangible assets | 5(b) | 1,894,183 | 1,198,316 |
| Other non-current assets | | 35,671 | 25,000 |
| Term and security deposits | | 437,824 | 454,184 |
| Total non-current assets | | <u>2,573,855</u> | <u>1,807,426</u> |
| Total assets | | <u>5,352,236</u> | <u>3,508,501</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 4(c) | 414,194 | 428,417 |
| Borrowings | 4(d) | 24,961 | 83,571 |
| Bank overdraft | | 35,661 | 105,519 |
| Employee benefit obligations | | 189,311 | 187,040 |
| Deferred revenue | 4(e) | 1,192,347 | 797,502 |
| | | <u>1,856,474</u> | <u>1,602,049</u> |
| Non-current liabilities | | | |
| Borrowings | 4(d) | 94,194 | - |
| Total non-current liabilities | | <u>94,194</u> | <u>-</u> |
| Total liabilities | | <u>1,950,668</u> | <u>1,602,049</u> |
| Net assets | | <u>3,401,568</u> | <u>1,906,452</u> |
| EQUITY | | | |
| Share capital | 6(a) | 17,901,068 | 13,678,022 |
| Other reserves | 6(b) | 690,043 | 694,393 |
| Accumulated losses | | (15,189,543) | (12,465,963) |
| Total equity | | <u>3,401,568</u> | <u>1,906,452</u> |

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 2018

| 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 2016 | | 12,164,246 | 289,825 | (8,991,505) | (210,512) | 3,252,054 |
| Loss for the year | | - | - | (3,474,457) | - | (3,474,457) |
| Other comprehensive loss | | - | - | - | 20,906 | 20,906 |
| Total comprehensive loss for the year | | - | - | (3,474,457) | 20,906 | (3,453,551) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Contributions of equity, net of transaction costs | 6(a) | 1,513,776 | - | - | - | 1,513,776 |
| Employee share schemes - value of employee services | 6(b) | - | 594,173 | - | - | 594,173 |
| | | 1,513,776 | 594,173 | - | - | 2,107,949 |
| Balance at 30 June 2017 | | 13,678,022 | 883,998 | (12,465,962) | (189,606) | 1,906,452 |
| Balance at 1 July 2017 | | 13,678,022 | 883,998 | (12,465,962) | (189,606) | 1,906,452 |
| Loss for the year | | - | - | (2,723,581) | - | (2,723,581) |
| Other comprehensive loss | | - | - | - | 63,669 | 63,669 |
| Total comprehensive loss for the year | | - | - | (2,723,581) | 63,669 | (2,659,912) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Contributions of equity, net of transaction costs and tax | 6(a) | 4,223,046 | - | - | - | 4,223,046 |
| Employee share schemes - value of employee services | 6(b) | - | 34,628 | - | - | 34,628 |
| Employee share schemes - writeback of expenses recognised on options that failed to vest | 6(b) | - | (102,646) | - | - | (102,646) |
| | | 4,223,046 | (68,018) | - | - | 4,155,028 |
| Balance at 30 June 2018 | | 17,901,068 | 815,980 | (15,189,543) | (125,937) | 3,401,568 |

Consolidated statement of cash flows

for the year ended 30 June 2018

| | Notes | Consolidated entity | |
|---|---------|-----------------------|-----------------------|
| | | 30 June 2018 \$ | 30 June 2017 \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of goods and services tax) | | 3,748,205 | 3,305,315 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (6,771,605) | (6,103,184) |
| Other income - Research and Development Tax Offset | | 271,657 | - |
| Interest received | | 30,001 | 26,275 |
| Interest paid | | (25,748) | (50,936) |
| Net cash outflow from operating activities | | (2,747,490) | (2,822,530) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (33,546) | (88,516) |
| Payments for term and security deposits | | - | (454,184) |
| Payments for leasehold improvements | | (14,820) | - |
| Purchase of intangible assets | | (488,996) | (119,369) |
| Payments for other assets | | (10,671) | (25,000) |
| Net cash outflow from investing activities | | (548,033) | (687,069) |
| Cash flows from financing activities | | | |
| Proceeds from issues of shares and other equity securities | 6(a) | 4,499,982 | 1,657,776 |
| Repayment of borrowings | | - | (632,696) |
| Capital raising costs | 6(a) | (292,686) | (144,000) |
| Net cash inflow from financing activities | | 4,207,296 | 881,080 |
| Net increase / (decrease) in cash and cash equivalents | | 911,773 | (2,628,519) |
| Cash and cash equivalents at the beginning of the financial year | | 1,270,293 | 3,902,572 |
| Effects of exchange rate changes on cash and cash equivalents | | (48,945) | (3,760) |
| Cash and cash equivalents at the end of the financial year | 4(a)(i) | 2,133,121 | 1,270,293 |

Contents of the notes to the consolidated Appendix 4E

| | Page |
|--|------|
| 1 Summary of significant accounting policies | 11 |
| 2 Changes in accounting policies | 11 |
| 3 Income tax expense | 12 |
| 4 Financial assets and financial liabilities | 12 |
| 5 Non-financial assets and liabilities | 15 |
| 6 Equity | 17 |
| 7 Loss per share | 20 |
| 8 Segment information | 20 |
| 9 Cash flow information | 21 |

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 incurred operating losses and negative cash flows as it continued to invest in growing the sales and marketing capabilities of the business and invested in the development of its product suite available to the market. 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 \$2,133,121 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 meeting its sales pipeline forecasts which forecasts strong growth in cash inflows; and
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Group's ability to source capital from either the debt or equity markets.

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. Further, the Directors' have received approaches from various parties who are interested in providing the Group with further capital to enhance and accelerate sales and product development.

Accordingly, this Appendix 4E does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2 Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of the consolidated 4E for the year ended 30 June 2018 are consistent with those adopted and disclosed in the company's annual financial statements for the year ended 30 June 2017.

3 Income tax expense

(a) Income tax expense

| | Consolidated entity | |
|-------------------------------------|---------------------|---------------|
| | 2018 | 2017 |
| | \$ | \$ |
| <i>Current tax</i> | | |
| Current tax on profits for the year | - | 38,772 |
| Total current tax expense | - | 38,772 |
| Income tax expense | - | 38,772 |

(b) Numerical reconciliation of income tax expense to prima facie tax payable

| | Consolidated entity | |
|---|---------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Loss before income tax expense | (2,723,581) | (3,435,685) |
| Tax at the Australian tax rate of 27.5% (2017 - 30.0%) | (748,985) | (1,030,706) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Tax effect of amounts not deductible / (assessable) in calculating taxable income | (91,625) | 202,090 |
| Deferred tax asset not brought to account on tax losses and temporary differences | 846,841 | 811,845 |
| Subtotal | 6,231 | (16,771) |
| Difference in overseas tax rates | (6,231) | 16,771 |
| Adjustments for current tax of prior periods | - | 38,772 |
| Income tax expense | - | 38,772 |

* From 1 July 2017, the base Company tax rate for Australian companies with aggregated turnover of less than \$25m reduced from 30% to 27.5%. Income tax attributable to the New Zealand Subsidiary has been calculated at the tax rate of 28% (2017: 28%)

Unrecognised deferred tax assets

| | 2018 | 2017 |
|--|-----------|-----------|
| | \$ | \$ |
| Temporary differences | 903,283 | 593,163 |
| Tax losses - Australian | 1,743,587 | 1,336,504 |
| Capital losses - Australian | 550 | 600 |
| Tax losses - Overseas | 541,303 | 204,097 |
| Deferred tax assets not brought to account | 3,188,723 | 2,134,364 |

From 1 July 2017, the base company tax rate for Australian companies with aggregated turnover of less than \$25m was reduced from 30% to 27.5%. As a result, unrecognised deferred tax assets attributable to the Group's Australian entities have been valued at 27.5% (2017: 30%).

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

| | Consolidated entity | |
|--------------------------|---------------------|-----------|
| | 2018 | 2017 |
| | \$ | \$ |
| Current assets | | |
| Cash at bank and in hand | 2,168,782 | 1,375,812 |

Financial assets and financial liabilities

(a) Cash and cash equivalents (continued)

(i) Reconciliation to cash flow statement

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

| | Consolidated entity | |
|---|----------------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Balance as above | 2,168,782 | 1,375,812 |
| Bank overdraft | (35,661) | (105,519) |
| Balances per consolidated statement of cash flows | 2,133,121 | 1,270,293 |

The total value of available bank overdraft facilities was \$319,904 (2017: \$333,392) of which \$35,661 (2017: \$105,519) was drawn.

(b) Trade and other receivables

| | Consolidated entity | |
|-------------------|----------------------------|--------------|
| | 2018 | 2017 |
| | Total | Total |
| | \$ | \$ |
| Trade receivables | 456,442 | 275,281 |
| Other receivables | 25,185 | 19,712 |
| Prepayments | 122,403 | 28,280 |
| | 604,030 | 323,273 |

No receivables are impaired.

(c) Trade and other payables

| | Consolidated entity | |
|----------------------------|----------------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Current liabilities | | |
| Trade payables | 398,727 | 406,671 |
| Other payables | 15,467 | 21,746 |
| | 414,194 | 428,417 |

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 | | | | | |
|----------------------------|-----------------------------|-------------------------------------|----------------|-----------------------------|-------------------------------------|---------------|
| | 2018 \$ Current \$ | 2018 \$ Non- current \$ | Total \$ | 2017 \$ Current \$ | 2017 \$ Non- current \$ | Total \$ |
| <i>Secured</i> | | | | | | |
| Lease liabilities | 24,117 | 94,194 | 118,311 | 70,605 | - | 70,605 |
| Total secured borrowings | <u>24,117</u> | <u>94,194</u> | <u>118,311</u> | <u>70,605</u> | <u>-</u> | <u>70,605</u> |
| <i>Unsecured</i> | | | | | | |
| Other loans | 844 | - | 844 | 12,966 | - | 12,966 |
| Total unsecured borrowings | <u>844</u> | <u>-</u> | <u>844</u> | <u>12,966</u> | <u>-</u> | <u>12,966</u> |
| Total borrowings | <u>24,961</u> | <u>94,194</u> | <u>119,155</u> | <u>83,571</u> | <u>-</u> | <u>83,571</u> |

Other loans consist of the following:

| Item | 2018 \$ | 2017 \$ |
|-------------------------|------------|---------------|
| Insurance funding | - | 12,966 |
| Financed asset purchase | 844 | - |
| Total | <u>844</u> | <u>12,966</u> |

(e) Deferred Revenue

| | 2018 \$ | 2017 \$ |
|--|------------------|----------------|
| Carrying amount at start of year | 797,502 | 801,255 |
| Value of software subscriptions sold | 2,963,469 | 2,165,275 |
| Amounts credited to software revenue during year | (2,545,030) | (2,183,461) |
| Foreign exchange movement | (23,594) | 14,433 |
| | <u>1,192,347</u> | <u>797,502</u> |

Included within amounts credited to software revenue during the year is \$797,502 (2017:\$801,255) that was included in the contract liability balance at the beginning of the period. Management expects that all (2017: all) of the closing deferred revenue balances will be recognised as revenue during the next reporting period.

5 Non-financial assets and liabilities

(a) Property, plant and equipment

| Consolidated entity Non-current | Machinery and vehicles \$ | Computer equipment \$ | Plant and equipment \$ | Furniture, fittings and equipment \$ | Leasehold improvements \$ | Total \$ |
|--|------------------------------------|-----------------------------|------------------------------|---|---------------------------------|-------------|
| At 1 July 2016 | | | | | | |
| Cost or fair value | 112,783 | 26,867 | 5,735 | 30,484 | 2,448 | 178,317 |
| Accumulated depreciation | (52,292) | (15,559) | (5,569) | (23,968) | (180) | (97,568) |
| Net book amount | 60,491 | 11,308 | 166 | 6,516 | 2,268 | 80,749 |
| Year ended 30 June 2017 | | | | | | |
| Opening net book amount | 60,491 | 11,308 | 166 | 6,516 | 2,268 | 80,749 |
| Additions | - | 45,929 | - | 41,030 | 1,557 | 88,516 |
| Assets classified as held for sale and other disposals | - | - | (164) | (109) | - | (273) |
| Depreciation charge | (17,941) | (16,977) | - | (3,241) | (278) | (38,437) |
| Exchange differences | (419) | (158) | (2) | (39) | (11) | (629) |
| Closing net book amount | 42,131 | 40,102 | - | 44,157 | 3,536 | 129,926 |
| At 30 June 2017 | | | | | | |
| Cost or fair value | 112,272 | 72,674 | - | 70,497 | 3,995 | 259,438 |
| Accumulated depreciation | (70,141) | (32,572) | - | (26,340) | (459) | (129,512) |
| Net book amount | 42,131 | 40,102 | - | 44,157 | 3,536 | 129,926 |
| Consolidated entity | | | | | | |
| Year ended 30 June 2018 | | | | | | |
| Opening net book amount | 42,131 | 40,102 | - | 44,157 | 3,536 | 129,926 |
| Additions | 102,785 | 25,866 | - | 8,802 | 14,820 | 152,273 |
| Assets classified as held for sale and other disposals | (40,781) | (1,064) | - | (271) | - | (42,116) |
| Depreciation charge | (2,570) | (22,255) | - | (4,878) | (637) | (30,340) |
| Exchange differences | (2,220) | (927) | - | (277) | (142) | (3,566) |
| Closing net book amount | 99,345 | 41,722 | - | 47,533 | 17,577 | 206,177 |
| At 30 June 2018 | | | | | | |
| Cost | 101,892 | 89,951 | - | 65,750 | 18,653 | 276,246 |
| Accumulated depreciation and impairment | (2,547) | (48,229) | - | (18,217) | (1,076) | (70,069) |
| Net book amount | 99,345 | 41,722 | - | 47,533 | 17,577 | 206,177 |

(i) Depreciation methods and useful lives

Depreciation is calculated by the Group using either the straight-line or diminishing value method to allocate an asset's cost, net of its residual value, over its estimated useful life or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Non-financial assets and liabilities

(a) Property, plant and equipment (continued)

(i) Depreciation methods and useful lives (continued)

- Computer equipment 2 - 4 years
- Motor vehicles 3 - 5 years
- Purchased software 2 - 4 years
- Furniture, fittings and equipment 10 - 15 years
- Leasehold improvements 10 - 25 years

See note for the other accounting policies relevant to property, plant and equipment.

(b) Intangible assets

| Consolidated entity Non-Current assets | Vault Enterprise Platform \$ | Vault Enterprise Upgrades \$ | Vault Apps \$ | Vault Solo \$ | Other \$ | Total \$ |
|---|---------------------------------------|---------------------------------------|------------------|------------------|-------------|-------------|
| At 1 July 2016 | | | | | | |
| Cost | 2,076,884 | - | - | - | 4,487 | 2,081,371 |
| Accumulated amortisation and impairment | (730,783) | - | - | - | (4,487) | (735,270) |
| Net book amount | 1,346,101 | - | - | - | - | 1,346,101 |
| Year ended 30 June 2017 | | | | | | |
| Opening net book amount | 1,346,101 | - | - | - | - | 1,346,101 |
| Additions - purchases | - | - | - | - | 36,069 | 36,069 |
| Additions - internal development | - | 83,300 | - | - | - | 83,300 |
| Exchange differences | 44,028 | - | - | - | - | 44,028 |
| Amortisation charge | (306,213) | - | - | - | - | (306,213) |
| Depreciation charge | - | - | - | - | (4,969) | (4,969) |
| Closing net book amount | 1,083,916 | 83,300 | - | - | 31,100 | 1,198,316 |
| At 30 June 2017 | | | | | | |
| Cost | 2,120,912 | 83,300 | - | - | 41,760 | 2,245,972 |
| Accumulated amortisation and impairment | (1,036,996) | - | - | - | (10,660) | (1,047,656) |
| Net book amount | 1,083,916 | 83,300 | - | - | 31,100 | 1,198,316 |

Non-financial assets and liabilities

(b) Intangible assets (continued)

Year ended 30 June 2018

| | | | | | | |
|---|-------------|----------|---------|---------|----------|-------------|
| Opening net book amount | 1,083,916 | 83,300 | - | - | 31,100 | 1,198,316 |
| Additions - purchases | - | 406,051 | - | 36,797 | 9,628 | 452,476 |
| Additions - internal development | - | 255,574 | 164,200 | 195,000 | - | 614,774 |
| Exchange differences | - | - | - | - | (69) | (69) |
| Amortisation charge | (306,213) | (57,100) | - | - | - | (363,313) |
| Depreciation charge | - | - | - | - | (8,001) | (8,001) |
| Closing net book amount | 777,703 | 687,825 | 164,200 | 231,797 | 32,658 | 1,894,183 |
| At 30 June 2018 | | | | | | |
| Cost | 2,120,912 | 744,925 | 164,200 | 231,797 | 51,319 | 3,313,153 |
| Accumulated Amortisation and impairment | (1,343,209) | (57,100) | - | - | (18,661) | (1,418,970) |
| Net book amount | 777,703 | 687,825 | 164,200 | 231,797 | 32,658 | 1,894,183 |

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

- IT Development and Software 3 - 7 years

6 Equity

(a) Share capital

| | Notes | 2018 \$ | 2018 Shares | 2017 \$ | 2017 Shares |
|--|-------|------------|----------------|------------|----------------|
| Ordinary shares | | | | | |
| Opening balance | | 13,678,022 | 695,486,060 | 12,164,246 | 565,226,065 |
| Public offer share issue | | 4,499,982 | 166,666,667 | 1,657,776 | 55,259,995 |
| Costs of issue | | (276,936) | - | (144,000) | - |
| Contingent rights conversion | | - | - | - | 75,000,000 |
| | | 17,901,068 | 862,152,727 | 13,678,022 | 695,486,060 |
| Contingent share rights¹ | | | | | |
| Opening balance | | - | - | - | 75,000,000 |
| Conversion of contingent rights | | - | - | - | (75,000,000) |
| Closing balance | | - | - | - | - |

1 - On 22 June 2016, Vault Intelligence Limited (Formerly Credo Resources Limited) completed its acquisition of NGB Industries Ltd and its subsidiaries. (NGBI Group). This transaction took place in accordance with the prospectus issued on 10 May 2016. 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.

Equity

(a) Share capital (continued)

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 previous auditor, Crowe Horwath, that the Group achieved its Performance Milestone for the year ended 30 June 2016.

(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 reserve

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 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Other reserves (continued)

| | Consolidated entity | | | |
|--------------------------------------|---------------------|-------------------|----------------|-------------------|
| | 2018 | | 2017 | |
| | \$ | | \$ | |
| Foreign currency translation reserve | (125,939) | | (189,605) | |
| Option reserve | 815,982 | | 883,998 | |
| | 690,043 | | 694,393 | |
| <i>(ii) Option Reserve</i> | | | | |
| | 2018 | 2018 | 2017 | 2017 |
| | \$ | No. | \$ | No. |
| Officers Issue (i) | - | 2,300,000 | - | 2,300,000 |
| KPI Options (ii) | 160,049 | 16,500,000 | 169,750 | 20,000,000 |
| Broker Options (iii) | 289,825 | 25,000,000 | 289,825 | 25,000,000 |
| Management Options (iv) | 355,729 | 11,000,000 | 388,068 | 12,000,000 |
| Management Options (v) | - | - | 28,537 | 2,000,000 |
| Management Options (vi) | - | - | 7,818 | 1,000,000 |
| Director Options (vii) | 5,563 | 3,500,000 | - | - |
| Director Options (viii) | 4,816 | 3,500,000 | - | - |
| Closing balance | 815,982 | 61,800,000 | 883,998 | 62,300,000 |

(i) 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.

(ii) 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)

| Recipient | No. of KPI Options | Vesting Conditions (1) |
|----------------|--------------------|--|
| David Moylan | 5,000,000 | Company achieving audited revenue of \$4 million in a financial year |
| Trent Innes | 1,500,000 | 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 |

(1) - revenue target vesting conditions calculated in accordance with the revenue recognition policy that was in effect on grant date.

In 2016, Trent Innes was awarded 5,000,000 KPI options under the Group's Employee Share Option Plan (ESOP). Under the terms of the ESOP, vesting of the options is conditional on the Employee or Director remaining in the Group's employment, however the Board retains discretion over any modifications to the conditions of any awards issued. During the period ended 30 June 2018, Mr. Trent Innes resigned as a Director. In recognition of his service to the Group, the Board resolved to allow Mr. Innes to retain 1,500,000 of his options removing the service vesting condition. The remaining 3,500,000 options were cancelled by forfeiture due to the failure to meet existing service conditions.

(iii) 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.

(iv) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$4 million in a financial year. 1,000,000 of these options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(v) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$6 million in a financial year. These options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(vi) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of \$10 million in a financial year. These options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(vii) Director options issued pursuant to shareholder approval on 20 December 2017. The options were issued pursuant to the ESOP with an \$0.05 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving \$4 million in Annual Recurring Revenue (ARR).

(viii) Director options issued pursuant to shareholder approval on 20 December 2017. The options were issued pursuant to the ESOP with an \$0.06 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving \$6 million in ARR.

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 | |
|--|---------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Opening balance | (189,605) | (210,511) |
| Movements on translation of foreign subsidiary operations during and at period end | 63,666 | 20,906 |
| Closing balance | (125,939) | (189,605) |

7 Loss per share

(a) Basic loss per share

| | Consolidated entity | |
|----------------------------------|---------------------|--------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Loss used to calculate basic EPS | <u>(2,723,581)</u> | <u>(3,474,457)</u> |

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as there is no dilutive impact.

There are 61,800,000 (2017: 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 | |
|--|---------------------|--------------------|
| | 2018 | 2017 |
| | Number | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | <u>800,832,323</u> | <u>622,896,969</u> |

8 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 |
|--------------------------------|------------------|------------------|-------------------------|
| | \$ | \$ | \$ |
| 2018 operating segments | | | |
| Software revenue | 801,696 | 1,723,003 | 2,524,699 |
| Other revenue | 240,454 | 262,102 | 502,556 |
| Total | <u>1,042,150</u> | <u>1,985,105</u> | <u>3,027,255</u> |
| | | | |
| | Australia | New Zealand | Total |
| | \$ | \$ | \$ |
| 2017 operating segments | | | |
| Software revenue | 597,610 | 1,585,851 | 2,183,461 |
| Other revenue | 78,121 | 491,390 | 569,511 |
| Total | <u>675,731</u> | <u>2,077,241</u> | <u>2,752,972</u> |

9 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

| | Notes | Consolidated entity | |
|---|-------|---------------------------|--------------------|
| | | 2018 | 2017 |
| | | \$ | \$ |
| Loss for the year | | (2,723,581) | (3,474,457) |
| Adjustment for | | | |
| Depreciation and amortisation | | 401,654 | 349,611 |
| Share-based payments | | (68,017) | 594,173 |
| Net loss on sale of non-current assets | | 1,552 | 273 |
| Net exchange differences | | 154,331 | 11,918 |
| Bad debts expense | | 2,791 | 20,317 |
| Capitalised software development costs | | (614,775) | - |
| Change in operating assets and liabilities: | | | |
| (Increase) / decrease in trade debtors | | (280,757) | 145,761 |
| (Increase) / decrease in inventories | | - | 41,409 |
| Increase / (decrease) in trade creditors | | (14,225) | (502,769) |
| Decrease in income taxes payable | | (3,579) | (67,238) |
| Increase in employee provisions | | 2,271 | 62,223 |
| Increase/(decrease) in deferred income | | 394,845 | (3,751) |
| Net cash outflow from operating activities | | <u>(2,747,490)</u> | <u>(2,822,530)</u> |

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

| | 2018 | 2017 |
|---|-------|-------|
| Net tangible asset backing per ordinary share (cents) | 0.175 | 0.106 |

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 7.

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 8 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 2018 financial report, when audited, may contain an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of material uncertainty that may cast doubt about the Group's ability to continue as a going concern. Additional disclosure has been included in Note 1 to the Preliminary Financial Report.

The Appendix 4E has been prepared on a going concern basis as the Directors' are satisfied the Group's current cash balance of \$2.133m and growing annual recurring revenue stream is adequate to enable the Group to meet its committed operational expenditure for at least twelve months from the date of this Appendix 4E.

Further, the Directors' have received approaches from various parties who are interested in providing the Group with further capital to enhance and accelerate sales and product development. Additional disclosure has been included in Note 1 to the Preliminary Financial Report.