Vault Intelligence Limited

ABN 15 145 040 857

Annual report

for the year ended 30 June 2018

Vault Intelligence Limited
ABN 15 145 040 857
Annual report - 30 June 2018

Contents

Corporate directory

Directors	Evonne Collier David Moylan Ross Jenkins Robert Kirtlan David Rose
Secretary	Graeme Smith
Principal registered office in Australia	Suite 5, Level 1 12-20 Railway Road Subiaco WA 6008 (08) 9388 6020
Share register	Link Market Services Limited QV1 Building, Level 12 250 St Georges Terrace Perth WA 6000 (08) 9211 6670
Auditor	PricewaterhouseCoopers Brookfield Place 125 St Georges Terrace Perth WA 6000
Solicitors	Corrs Chambers Westgarth 6/123A St Georges Terrace Perth WA 6000
Bankers	National Australia Bank Limited Level 1 88 High Street Fremantle WA 6160
Stock exchange listings	ASX: VLT
Website	www.vaultintel.com

Directors' Report

Your Directors present their report on the Consolidated entity consisting of Vault Intelligence Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018. Throughout the report, the Consolidated entity is referred to as the Group.

Directors and company secretary

The following persons were Directors of Vault Intelligence Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Robert Kirtlan
David Moylan
David Rose (appointed 29 September 2017)
Evonne Collier (appointed 13 July 2018)
Ross Jenkins (appointed 13 July 2018)

Trent Innes was a Director from the beginning of the financial year until his resignation on 29 September 2017.

Samuel Smart was a Director from the beginning of the financial year until his resignation on 22 December 2017.

Principal activities

During the year the principal continuing activity of the Group was the provision of cloud-based and mobile environmental, health and safety risk software (EHS) software.

Dividends - Vault Intelligence Limited

No dividends were paid or declared since the start of the financial year (2017: Nil). No recommendation for payment of dividends has been made (2017: Nil).

Review of operations

Operations in general

The Group has enjoyed a year during which it has achieved record sales, record cash receipts, has launched new products and is developing more.

The Group achieved the following major milestones:

- Record New Contracted Annualised Recurring Revenue (CARR) growth of 76% year on year;
- Record new CARR amounting to $1.75m, achieved market forecast and breaking the $4m barrier;
- Record total cash receipts up 22% to $4.02m;
- Existing product enhancement and new product development;
- Enterprise sales focus and strategy in Australia (AUS) / New Zealand (NZ) has continued to deliver strong new sales results for the Company;
- A number of new major signings have occurred including the Company's first B2B transaction with an insurance group;
- New Enterprise Platform, V3, launched;
- First China sales of the Company's checklist App and conversion of the new V3 enterprise platform commenced;
- The Company's push into the lucrative wearables market gathered momentum with a collaborative agreement with Samsung on their e-sim enabled Galaxy Watch and Vault Solo - lone worker application.

Note: New Contracted Annualised Recurring Revenue:

CARR or contracted annualised recurring revenue represents the 12 month value of customer contracts which have been entered into. The difference between this and ARR (Annualised recurring revenue, which is simply the last months billing/income times 12) is that some contracted revenues may not be billed immediately due primarily to delays in implementation and/or phased implementations, particularly in enterprise engagements.

Review of operations (continued)

Operational highlights

The Group continued the very strong final quarter of 2017 by continuing to grow sales at record pace during Financial Year 2018 (FY18). The Group remains very excited by the future within the risk and safety technology sector. The market in Australia and New Zealand is still in its infancy with many Small to Medium Enterprises (SME's) and large enterprises still relying on paper based or spreadsheet solutions. Vault can assist all of these groups with either mobile application based solutions through to large enterprise solutions helping them drive better safety and risk outcomes whilst achieving efficiencies and a genuine return on investment from their use of the Vault systems.

The Group is now working very hard to improve not just its product but also its software and system delivery, account management and customer relationship management.

Management comments

The Group continues its internal self-assessment and measurement to Key Performance Indicators (KPI's) to improve efficiencies and performance. The key areas of review focus on sales and marketing, alliances and channels as well as streamlining operations and resources to minimise expenses and cash burn.

In keeping with a business in a high growth and development phase the Group has experienced cash burn higher than current revenue however, with investments in new product, new sales channels, and increased personnel to deliver product the Group believes it is well placed to optimise revenue streams. The Group has made numerous new appointments to its senior and operational teams. The Group is striving to attract new talent to the Group to maximise its potential and success as it strives to provide excellent high quality existing products and new disruptive technology to the safety technology sector.

The loss from ordinary activities after income tax amounted to $2,723,581(2017 loss: $3,474,457). A large component of the loss was the commitment to enhance existing product and develop new product for the market which requires more developers, implementers, support and training specialists. A portion of this loss will be offset by the Australian Government R&D Tax Incentive refund which is expected to be received in the December quarter this calendar year. Higher than normal expenditure has been incurred in driving and developing a new global business line with the release of Vault Solo in collaboration with the Samsung Galaxy range due for release in October 2018.

The company is in a very solid and sustainable position with the recent $5 million capital raising.

Technical development

The new V3 Enterprise platform was launched in the latter part of the financial year. The new product is a much improved version on V2 however, the launch has been challenging for the various teams involved as some software fine tuning caused unintended issues. The majority of these issues are now behind the Group and the system is now working well and greater sales penetration is resulting in record quarters being achieved in cash receipts and contracted ARR.

The Company has been working on developing its Apps to be much more user friendly and significant progress has been made on this with imminent launches of the new look Apps. Of significant importance is the launch of Vault Solo. Vault Solo is currently in launch mode with the Samsung Galaxy watch wearable with Vault Solo and is scheduled for launch in October 2018. Both products have received major attention from existing and new potential users. The Group is excited by the opportunity being created by Solo and is a world first for this capability being placed on the watch in collaboration with Samsung.

- The Group is creating a sound platform for business sustainability and future growth as well as additional SaaS revenue streams being created with the imminent launch of Vault Solo in collaboration with Samsung and supporting Telcos;
- Vault is also well positioned to lead a major disruption to this market by providing a "best of breed" electronic platform (Vault Enterprise) aimed at the large and enterprise business market;
- Vault has a proven record in the New Zealand market and is now looking to build in Australia and Asia before launching further to other overseas English speaking markets;
- Financially the company is in a strong position following the recent successful $5m capital raise to continue technical development of its products;

Review of operations (continued)

- With new members on the Board and a strong management team the company is well positioned to capitalise on the new opportunities being presented;
- Major strategic alliances and collaborative partners have been established during the financial year; and
- New technology innovation with the enterprise platform and app suite.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year:

Cash and cash equivalents as at 30 June 2018 was $2,168,782 (2017: $1,375,812). The company has net assets of $3,401,568 (2017: $1,906,452).

Events since the end of the financial year

Since the end of the financial year, the Group has announced the following:

- Appointment of two new directors;
- The launch of its new Vault Solo product in collaboration with Samsung;
- A successful oversubscribed capital raising which is to be completed over 2 tranches for a total before costs of $5million.

Information on directors

Ms Evonne Collier - *Chair, Non-Executive Director (appointed 13 July 2018)*		
Experience and expertise	Evonne is an experienced leader with a successful track record in business scale-up and transformation, brand/channel strategy, new to world and category innovation, digital disruption and B2B and B2C customer experience. She has 25 years' senior executive experience working within blue-chip local and multinational companies in the Fast Moving Consumer Goods, Health/Pharmaceutical and Entertainment/Technology sectors. She has strong financial acumen with a track record in overseeing large balance sheets, CAPEX projects and strategic growth initiatives (organic and acquisitive) to optimise shareholder returns. Evonne has extensive board and executive experience with ASX and large shareholder businesses. She currently serves as an Elected Councillor of the Hospitals Contribution Fund of Australia Limited as well as Director of Brisbane Markets Limited and Winson Group. She also mentors start-ups and serves on an Advisory Board for Ingredients Plus Pty Ltd.	
Other current ASX listed company directorships	• 1300SMILES (ASX: ONT) • THINK Childcare (ASX: TNK)	
Former ASX listed company directorships in last 3 years	• Nil	
Special responsibilities	• Chair • Audit Committee Member	
Interests in shares and options	Nil	

Information on directors (continued)

Mr David Moylan - *Managing Director*		
Experience and expertise	David was an original founder of NGB Industries, Vault Intelligence's predecessor company, and has over 25 years' industry experience as a risk management specialist. Risk consultancies include senior appointments and high level risk work with Shell Exploration in China, Air New Zealand, Australian Defence Forces and numerous consulting assignments across a variety of industries. Prior to becoming a consultant, David was an officer in the Australian Army, and rose to the rank of Lieutenant Colonel, holding the appointment of Director of Safety and Risk where he developed the safety management system for the Australian Army. David holds a Masters degree in Strategic Management and Bachelor degrees in Social Science (HR Management) and Occupational Hygiene.	
Other current ASX listed company directorships	• Nil	
Former ASX listed company directorships in last 3 years	• Nil	
Special responsibilities	• Managing Director / Chief Executive Officer	
Interests in shares and options	Ordinary shares	80,174,839
	Unlisted KPI options each exercisable at $0.04 on or before 21 June 2019 subject to vesting hurdles	10,000,000

Mr Ross Jenkins- *Non-Executive Director (appointed 13 July 2018*)		
Experience and expertise	Ross is an experienced business leader, having operated in both corporate and high growth small businesses. As an experience director in the technology sector, he has led a number of technology companies on high growth trajectories. Ross is a pragmatic strategist with a view that customer focussed, smart execution is the key to long term growth and business success. Ross is currently Executive Director of The Instillery - a successful technology integration company, and chairs the Advisory Board of Earshot.	
Other current ASX listed company directorships	• Nil	
Former ASX listed company directorships in last 3 years	• Nil	
Special responsibilities	• Audit Committee Member	
Interests in shares and options	Ordinary shares	3,000,000

Information on directors (continued)

Mr Robert Kirtlan - *Non-Executive Director*		
Experience and expertise	Robert came from a background in accounting, finance and management involving public and private companies before working for major investment banks in Sydney and New York. During this period, he was principally involved in arranging debt and equity for junior and major companies across a global resources spectrum. Since 2001, he has been investing in and working with companies at management level in the resources and technology sector.	
Other current ASX listed company directorships	• RMG Ltd - appointed 29 April 2011 • Currie Rose Resources Inc - appointed 25 October 2015 • Overland Resources Limited - appointed 23 May 2017	
Former ASX listed company directorships in last 3 years	• Decimal Software Limited - appointed 1 June 2002; resigned 14 June 2016 • East Africa Resources Ltd - appointed 20 November 2013, resigned 1 September 2015 • Homeland Uranium Inc - appointed 1 February 2012; resigned 30 November 2014.	
Special responsibilities	• Audit Committee Member	
Interests in shares and options	Ordinary shares	8,951,804
	Unlisted Options each exercisable at $0.04 on or before 21 June 2019	500,000
	Unlisted KPI Options each exercisable at $0.04 on or before 21 June 2019 subject to vesting hurdles	2,500,000
	Unlisted KPI Options each exercisable at $0.05 on or before 20 December June 2020 subject to vesting hurdles	2,500,000
	Unlisted KPI Options each exercisable at $0.06 on or before 20 December June 2020 subject to vesting hurdles	2,500,000

Mr David Rose - *Non-Executive Director (appointed 29 September 2017)*	
Experience and expertise	David brings to the Vault board significant IT sector expertise. David's former roles include senior management roles at Optus and Suncorp, and more recently Chief Information Officer at Watpac Limited. He currently serves as the Chief Information Officer at Opteon. David has a Graduate Certificate in Information Technology Management, Graduate Certificate in Risk Management, Masters of Science (UNSW) and an MBA (AGSM). During his career, David has been responsible for strategy, project development and innovation, and financial management across numerous business verticals. He has managed work forces numbering in their hundreds whilst dealing with multi-million dollar budgets in the IT sections of the businesses in which he has worked.
Other current ASX listed company directorships	• Nil
Former ASX listed company directorships in last 3 years	• Nil
Special responsibilities	• Audit Committee Member

Information on directors (continued)

Interests in shares and options	Ordinary shares	915,000
	Unlisted KPI options each exercisable at $0.05 on or before 20 December 2020 subject to vesting hurdles	1,000,000
	Unlisted KPI options each exercisable at $0.06 on or before 20 December 2020 subject to vesting hurdles	1,000,000

Company secretary

Graeme Smith: Appointed 1 July 2018. Mr Smith is the principal of Wembley Corporate Services Pty Ltd which provide corporate secretarial, CFO and governance services. Mr Smith has over 25 years experience in company secretarial work.

Mr Smith is a non-executive director of Anglo Australian Resources NL.

Paige Exley: Appointed 29 November 2017. Resigned 1 July 2018.
Ms Exley is a Finance and Corporate Governance professional with over 15 years of experience in the resources, mining services, biotechnology, professional services, not-for-profit, food, wine and liquor industries.

Lloyd Flint: Resigned 29 November 2017.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees Audit	
	A	B	A	B
David Moylan	6	6	2	2
Robert Kirtlan	6	6	2	2
David Rose	4	4	1	1
Trent Innes	1	2	-	1
Samuel Smart	3	3	1	1

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Retirement, election and continuation in office of directors

Mr Trent Innes retired as a director on 29 September 2017.

Mr David Rose was appointed as a director on 29 September 2017 to fill the vacancy of Mr Trent Innes.

Mr Samuel Smart retired as a director on 22 December 2017.

Remuneration report

The Directors present the Vault Intelligence Limited 2018 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Link between remuneration and performance
(d) Employment details of members of key management personnel and other executives
(e) Remuneration for KMP
(f) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive Directors (see pages 4 to 7 for details about each Director)
• Robert Kirtlan
• David Moylan
• David Rose (from 29 September 2017)
• Trent Innes (until 29 September 2017)
• Samuel Smart (until 22 December 2017)

(b) Remuneration policy and link to performance

The remuneration policy of Vault Intelligence Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The Board of Vault Intelligence Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means. Options or performance incentives issued during the year pertain to hurdles for subsequent periods. Refer to note within the financial statements for vesting conditions of issued securities.

The performance of key management personnel is measured against criteria agreed annually with each director and is based predominantly on workload, responsibility and creation of shareholders' value. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth. Prevailing economic considerations are also a consideration.

Key management personnel in Australia receive a superannuation guarantee contribution (SGC) required by the government, which was: 9.5% of Ordinary Time Earnings (2017: 9.5%) and do not receive any other retirement benefits. Where applicable, KMP's residing in New Zealand are paid in accordance with legislated requirements.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

Remuneration report (continued)

(b) Remuneration policy and link to performance (continued)

The Board's policy is to remunerate non executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required (not sought for year ended 30 June 2018). The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. This was set at $300,000 at a general meeting held on 10 September 2010.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black Scholes methodology.

(c) Link between remuneration and performance

(i) Performance Based Remuneration

Performance based remuneration for key management personnel is limited to granting of options.

(ii) Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The issue of options to the majority of directors and executives is to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth and will utilise the Employee Incentive Scheme accordingly.

The Key Management Personnel and relevant Group executives' remuneration is linked to performance by attaching turnover hurdle vesting conditions onto options. KMP's that do not hold unlisted options do not have their remuneration tied to the performance of the Group. The performance of the Group in the SaaS and software development industry will need to align itself to performance accordingly:

• Sales, customer numbers and product development;
• Establishment of long term cash flow profitability; and
• Increase in shareholder wealth.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the three years to 30 June 2018 and will be utilised in the future for performance incentives. The company was relisted on the ASX on 1 July 2016:

Description	30 June 2018	30 June 2017	30 June 16 Restated
Software and other revenue	$3,027,255	$2,752,972	$2,721,965
Net (loss) before tax	$(2,723,581)	$(3,435,685)	$(2,494,180)
Net (loss) after tax	$(2,723,581)	$(3,474,457)	$(2,494,180)
Share price at end of year	$0.023	$0.029	$0.02
Market capitalisation	$19.8m	$20.2m	$11.3m
Basic (loss) per share	(0.340) cents	(0.558) cents	(0.971) cents

(iii) Performance conditions linked to remuneration

The Group's remuneration of key management personnel includes performance conditions for the year ended 30 June 2018. These relate predominately to the hurdles set around increasing sales revenue as the Group transforms from a privately held company (NGB Industries Pty Ltd) to a publicly listed company. Details of the vesting conditions can be found in the Notes to the consolidated financial statements at note .

Remuneration report (continued)

(d) Employment details of members of key management personnel and other executives

The following tables provides employment details of persons who were, during the financial year, members of key management personnel of the Group.

The tables also illustrate the proportion of remuneration that was performance and non-performance based and the proportion received in the form of options.

30 June 2018

Key Management Personnel	Position	Cash incentives	Options / Rights	Fixed salary / fees	Total
		%	%	%	%
Mr Robert Kirtlan	Non-Executive Director	0%	6%	94%	100%
Mr David Moylan	Managing Director	0%	8%	92%	100%
Mr Trent Innes	Non-Executive Director	0%	0%	100%	100%
Mr Samuel Smart	Non-Executive Director	0%	0%	100%	100%
Mr David Rose	Non-Executive Director	0%	10%	90%	100%

30 June 2017

Key Management Personnel	Position	Cash incentives	Options / Rights	Fixed salary / fees	Total
		%	%	%	%
Mr Robert Kirtlan	Non-Executive Director	0%	20%	80%	100%
Mr David Moylan	Managing Director	0%	20%	80%	100%
Mr Trent Innes	Non-Executive Director	0%	58%	42%	100%
Mr Samuel Smart	Non-Executive Director	0%	41%	59%	100%

All non-executive directors are remunerated on a monthly basis with no fixed term or termination benefits.

Service Agreements

The Managing Director has an executive services agreement whereby the engagement is for a term of three years (commenced 6 May 2016) which may be extended by mutual agreement. The agreement may be terminated by either party without cause with 12 month's notice and eligibility for a discretionary bonus at the discretion of a majority of Directors (excluding the Managing Director).

Terms of employment require that the relevant Group entity provide an executive contracted person with a minimum of 3 months notice prior to termination of contract. No termination payments are generally payable. A contracted person deemed employed on a permanent basis may terminate their employment at any time.

(e) Remuneration expenses for executive KMP

The following tables show details of the remuneration expenses recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Remuneration report (continued)

(e) Remuneration expenses for executive KMP (continued)

30 June 2018

Key Management Personnel	Salary, Fees and Leave $	Pension and Superannuation $	Other $	Shares / Options $	Total $	% of remuneration as shares / options %	% performance related %
Mr Robert Kirtlan	125,000	-	-	7,413	132,413	6%	6%
Mr David Moylan	263,698	25,051	-	24,250	312,999	8%	8%
Mr Trent Innes	9,000	-	-	-	9,000	0%	0%
Mr Samuel Smart	21,000	1,995	-	-	22,995	0%	0%
Mr David Rose	27,000	-		2,965	29,965	10%	10%
Total KMP remuneration expense	445,698	27,049	-	34,628	507,372	7%	7%
Total Executive Director remuneration	263,698	25,051	-	24,250	312,999	8%	8%
Total Non-Executive Directors remuneration	182,000	1,995	-	10,378	194,373	5%	5%

30 June 2017

Key Management Personnel	Salary, Fees and Leave $	Pension and Superannuation $	Other $	Shares / Options $	Total $	% of remuneration as shares / options %	% performance related %
Mr Robert Kirtlan	97,000	-	-	24,250	121,250	20%	20%
Mr David Moylan	264,720	24,832	-	72,750	362,302	20%	20%
Mr Trent Innes	34,727	-	-	48,500	83,227	58%	58%
Mr Samuel Smart	32,446	2,960	-	24,250	59,656	41%	41%
Total KMP remuneration expense	428,893	27,792	-	169,750	626,435	27%	27%
Total Executive Director remuneration	264,720	24,832	-	72,750	362,302	20%	20%
Total Non-Executive Directors remuneration	164,173	2,960	-	97,000	264,133	37%	37%

Cash bonuses and performance related bonuses

No bonuses were granted as remuneration to key management personnel during the year ended 30 June 2018 (2017: Nil).

No options issued as remuneration options to key management personnel have been exercised during the 2018 financial year and no options have vested (2017: Nil).

There have not been any alterations to the terms or conditions of any grants since grant date.

Remuneration report (continued)

(f) Additional statutory information

(i) Reconciliation of options, rights and ordinary shares held by KMP

Option and rights holdings

The tables below show a reconciliation of options held by each KMP from the beginning to the end of FY 2018.

Consolidated entity 2018 Name	Balance at start of the year	Granted as compen-sation	Exercised	Other changes [1,2]	Balance at end of the year	Vested and exercisable	Vested and un-exerciseable
Mr Robert Kirtlan	3,000,000	5,000,000	-	-	8,000,000	-	500,000
Mr David Moylan	10,000,000	-	-	-	10,000,000	-	-
Mr Trent Innes	5,000,000	-	-	(5,000,000)	-	-	-
Mr Samuel Smart	3,000,000	-	-	(3,000,000)	-	-	-
Mr David Rose	-	2,000,000	-	-	2,000,000	-	-

1 - Mr Innes and Mr Smart resigned as directors during the financial year.
2- 3,500,000 of Mr Innes' options were cancelled by forfeiture due to the failure to meet service conditions. Refer to note 8(b)(ii) for further information.

Consolidated entity 2017 Name	Balance at start of the year	Granted as compen-sation	Exercised	Other changes [1]	Balance at end of the year	Vested and exercisable	Vested and un-exerciseable
Mr Robert Kirtlan	6,795,000	-	-	(3,795,000)	3,000,000	-	500,000
Mr David Moylan	10,000,000	-	-	-	10,000,000	-	-
Mr Trent Innes	5,000,000	-	-	-	5,000,000	-	-
Mr Samuel Smart	3,000,000	-	-	-	3,000,000	-	500,000

1 - Options expired un-exercised on 6 December 2016.

Remuneration report (continued)

(f) Additional statutory information (continued)

(i) Reconciliation of options, rights and ordinary shares held by KMP (continued)

Shareholdings

The tables below show a reconciliation of ordinary shares held by each KMP from the beginning to the end of each financial year.

Consolidated entity 2018 **Name**	**Balance at the start of the year**	**Granted as remuneration during the year**	**Issued on exercise of options during the year**	**Other changes during the year [1,2]**	**Balance at the end of the year**
Ordinary shares					
Mr Robert Kirtlan	8,951,804	-	-	-	8,951,804
Mr David Rose	-	-	-	915,000	915,000
Mr David Moylan	80,174,839	-	-	-	80,174,839
Mr Trent Innes	2,071,701	-	-	(2,071,701)	-
Mr Samuel Smart	8,404,456	-	-	(8,404,456)	-
	-	-	-	-	-

1 - Mr Innes resigned as a director on 29 September 2017.
2 - Mr Smart resigned as director on 22 December 2017.

Consolidated entity 2017 Name	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year [1, 2]	Balance at end of the year
Ordinary shares					
Mr Robert Kirtlan	8,451,804	-	-	500,000	8,951,804
Mr David Moylan	61,672,953	-	-	18,501,886	80,174,839
Mr Trent Innes	1,593,616	-	-	478,085	2,071,701
Mr Samuel Smart	7,904,456	-	-	500,000	8,404,456
	-	-	-	-	-
Contingent Share Rights [3]					
Mr Robert Kirtlan	-	-	-	-	-
Mr David Moylan	18,501,886	-	-	(18,501,886)	-
Mr Trent Innes	478,085	-	-	(478,085)	-
Mr Samuel Smart	-	-	-	-	-

1 - Contingent share rights converted into ordinary shares on 9 November 2016 following the satisfaction of performance criteria in relation to the 'Vault transaction' for Messers Moylan and Innes. The Vault transaction refers to the reverse acquisition of Vault Intelligence Limited (formerly Credo Resources Ltd) by NGB Industries Ltd and the "scrip-for-scrip" process undertaken on completion.
2 - Messers Kirtlan and Smart each purchased 500,000 ordinary shares through the Vault share purchase plan.
3 - Part of the vendor agreement for the Vault transaction but subject to performance criteria.

Remuneration report (continued)

(f) Additional statutory information (continued)

(i) Reconciliation of options, rights and ordinary shares held by KMP (continued)

Securities received that are not performance related

Some members of key management personnel received securities as part of their remuneration during the year that were not performance related. Those securities listed above generally form part of the Vendor's Securities issued by Vault Intelligence Ltd (formerly Credo Resources Ltd) pursuant to the transaction with the shareholders of NGB Industries Ltd (the "Vault Transaction"). In this regard, the Contingent Rights were converted during the year into ordinary fully paid shares, which although subject to a recurring income hurdle, was ultimately part of the original Vendor's Securities rather than remuneration.

(ii) Voting of shareholders at last year's annual general meeting

The Group received 100% of “yes” votes of eligible shareholders on its remuneration report for the 2017 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Insurance of officers and indemnities

(a) Insurance of officers

The Group has paid a premium to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of a director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The total premium and the liabilities covered have not been disclosed since it is prohibited under the terms of the contract.

(b) Indemnity of auditors

To the extent permitted by law and professional regulations, the Group has agreed to indemnify its auditors, PricewaterhouseCoopers as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the Group's auditor during or since the financial year.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Non-audit services (continued)

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	Consolidated entity	
	2018	2017
	$	$
Audit and review of financial statements - Australia	**75,000**	52,000
Audit and review of financial statements - New Zealand	**6,915**	7,087
	81,915	59,087

No fees were paid to PricewaterhouseCoopers for non-audit related services for the year ended 30 June 2018 (2017: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

This report is made in accordance with a resolution of Directors.

David Moylan
Director

Auditor's Independence Declaration

As lead auditor for the audit of Vault Intelligence Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vault Intelligence Limited and the entities it controlled during the period.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
28 September 2018

PricewaterhouseCoopers, ABN 52 780 433 757
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Vault Intelligence Limited

ABN 15 145 040 857

Annual financial report - 30 June 2018

Contents

These financial statements are the consolidated financial statements for the Group consisting of Vault Intelligence Limited and its subsidiaries.

The financial statements are 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

The financial statements were authorised for issue by the Directors on 28 September 2018. The Directors have the power to amend and reissue the financial statements.

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

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	4(a)	**271,657**	-
Net gain on disposal of property, plant and equipment		**9,144**	-
Loss before income tax		**(2,723,581)**	(3,435,685)
Income tax expense	5	**-**	(38,772)
Loss for the year		**(2,723,581)**	(3,474,457)
Other Comprehensive income/(loss) for the year			
Items that may be reclassified to profit and loss			
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.

	Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company (note 10):		
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	6(a)	**2,168,782**	1,375,812
Trade and other receivables	6(b)	**604,030**	323,273
Current tax receivables		**5,569**	1,990
Total current assets		**2,778,381**	1,701,075
Non-current assets			
Property, plant and equipment	7(a)	**206,177**	129,926
Intangible assets	7(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		**2,573,855**	1,807,426
Total assets		**5,352,236**	3,508,501
LIABILITIES			
Current liabilities			
Trade and other payables	6(c)	**414,194**	428,417
Borrowings	6(d)	**24,961**	83,571
Bank overdraft		**35,661**	105,519
Employee benefit obligations	7(c)	**189,311**	187,040
Deferred revenue	6(e)	**1,192,347**	797,502
		1,856,474	1,602,049
Non-current liabilities			
Borrowings	6(d)	**94,194**	-
Total non-current liabilities		**94,194**	-
Total liabilities		**1,950,668**	1,602,049
Net assets		**3,401,568**	1,906,452
EQUITY			
Share capital	8(a)	**17,901,068**	13,678,022
Other reserves	8(b)	**690,043**	694,393
Accumulated losses		**(15,189,543)**	(12,465,963)
Total equity		**3,401,568**	1,906,452

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	Share capital $	Option Reserve $	Accumulated losses $	Foreign currency translation reserve $	Total equity $
		Attributable to owners of Vault Intelligence Limited				
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	8(a)	1,513,776	-	-	-	1,513,776
Employee share schemes - value of employee services	8(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		-	-	-	63,667	63,667
Total comprehensive loss for the year		**-**	**-**	**(2,723,581)**	**63,667**	**(2,659,914)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	8(a)	4,223,046	-	-	-	4,223,046
Employee share schemes - value of employee services	8(b)	-	34,628	-	-	34,628
Employee share schemes - writeback of expenses recognised on options that failed to vest	8(b)	-	(102,644)	-	-	(102,644)
		4,223,046	(68,016)	-	-	4,155,030
Balance at 30 June 2018		**17,901,068**	**815,982**	**(15,189,543)**	**(125,939)**	**3,401,568**

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 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	8(a)	**4,499,982**	1,657,776
Repayment of borrowings		**-**	(632,696)
Capital raising costs	8(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	6(a)(i)	**2,133,121**	1,270,293

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements 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. The financial statements are for the Group consisting of Vault Intelligence Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Vault Intelligence Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards

The consolidated financial statements of the Vault Intelligence Limited Group comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).

(ii) Going Concern

The directors are satisfied that at the date of signing the financial report it is appropriate for the financial statements to be prepared on a going concern basis.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iv) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 July 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, and
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

The adoption of these amendments did not have any impact on the current year or any prior year and is not likely to affect future years.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting years and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(a) Basis of preparation (continued)

(v) New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 9 *Financial Instruments***
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the impact on the Group's cash and cash equivalents and trade debtors balance is expected to be minimal. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any hedging relationships and therefore does not expect any financial impact with respect to this facet of the new standard. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group does have trade and other receivables which would be impacted by expected credit losses, any accelerated recognition of this losses is not expected to be material.
Mandatory application date/ Date of adoption by Group	Must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt AASB 9 before its mandatory date.

(a) Basis of preparation (continued)

(v) New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 16 *Leases***
Nature of change	AASB 16 was issued in February 2017. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $537,865 (2016: $793,149), see note 11. Operating lease commitments, presently recognised as an expense on a straight-line basis in operating expenses, will be capitalised with depreciation and finance expenses recognised over the term of the lease. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Mandatory application date/ Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its mandatory date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(c) Revenue recognition (continued)

(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.

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) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(d) Income tax (continued)

Vault Intelligence Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Vault Intelligence Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(h) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

The depreciation methods and years used by the Group are disclosed in note 7.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(i) Intangible assets

(i) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(ii) Amortisation methods and periods

Refer to note 7(b) for details about amortisation methods and years used by the Group for intangible assets.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under a finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the year of the lease.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

(n) Borrowings (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(o) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Note provides further information on how the Group accounts for government grants.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

(a) Revenue Recognition

In identifying performance obligations created under sale of subscription contracts, a judgement has been made that 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. Refer to note 1(c)(i)

(b) Useful life of intangible assets

The Group recognises intangible assets related to its internally developed EHS software products. As at 30 June 2018, the carrying amount of this software was $1,894,183 (2017: $1,198,316). The Group estimates the useful life of the software to be at least 3 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 3 years, depending on technical innovations and competitor actions. Refer to note 7(b) for further information.

(c) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Judgement was applied in determining that no impairment triggers were identified during the current financial year.

3 Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of the financial statements 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.

4 Other income and expense items

(a) Other income

		Consolidated entity	
		2018	2017
	Notes	**$**	$
Net gain on disposal of property, plant and equipment		**9,144**	-
R&D tax incentive		**271,657**	-
		280,801	-

Presentation of government grants

The Group made an application to AusIndustry during the year to register its software development activities conducted during the 2017 income year for the R&D Tax Incentive Program. The Group received the benefit shown above as a result of the application. Government grants received for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity in which there are no future related costs are recognised in the consolidated statement of comprehensive income of the period in which it becomes receivable.

5 Income tax expense

(a) Income tax expense

	Consolidated entity	
	2018	2017
	$	$
Current tax		
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	**909,150**	593,163
Tax losses - Australian	**1,743,587**	1,336,504
Capital losses - Australian	**550**	600
Tax losses - Overseas	**553,037**	204,097
Deferred tax assets not brought to account	**3,206,324**	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%).

6 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

(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.

(c) Trade and other payables (continued)

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

(d) Borrowings

		Consolidated entity					
		2018 $			2017 $		
	Notes	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Secured							
Lease liabilities		**24,117**	**94,194**	**118,311**	70,605	-	70,605
Total secured borrowings		**24,117**	**94,194**	**118,311**	70,605	-	70,605
Unsecured							
Other loans		**844**	**-**	**844**	12,966	-	12,966
Total unsecured borrowings		**844**	**-**	**844**	12,966	-	12,966
Total borrowings		**24,961**	**94,194**	**119,155**	83,571	-	83,571

Other loans consist of the following:

Item	**2018 $**	**2017 $**
Insurance funding	-	12,966
Financed asset purchase	844	-
Total	844	12,966

(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
	1,192,347	797,502

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.

7 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
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
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:

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

(a) Property, plant and equipment (continued)

(i) Depreciation methods and useful lives (continued)

See note 1(h) 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
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

(b) Intangible assets (continued)

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

(c) Employee benefit obligations

		Consolidated entity					
		2018 **$**			2017 $		
	Notes	**Current** **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Leave obligations (i)		**189,311**	**-**	**189,311**	187,040	-	187,040

(i) Leave obligations

The leave obligations cover the Group's liability for annual leave.

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of $189,311 (2017 - $187,040) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

8 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 rights[1]					
Opening balance		**-**	**-**	-	75,000,000
Conversion of contingent rights		**-**	**-**	-	(75,000,000)
Closing balance		**-**	**-**	-	-

(a) Share capital (continued)

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.

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

Options reserve

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.

	Consolidated entity	
	2018	2017
	$	$
Foreign currency translation reserve	**(125,939)**	(189,605)
Option reserve	**815,982**	883,998
	690,043	694,393

(ii) Option Reserve

	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

(b) Other reserves (continued)

(ii) Option Reserve (continued)

(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):

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).

ARR is the value of the recurring revenue from the Group's software subscriptions, normalised for a single calendar year.

(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.

(b) Other reserves (continued)

(ii) Option Reserve (continued)

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 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)

9 Capital management

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for Shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Given the nature of the Group's operations, capital is normally raised through the issue of new shares to provide for research and development and business opportunities. The Group announced a capital raise subsequent to the end of the financial year, details of which are found at Note 21(a).

10 Loss per share

(a) Basic loss per share

	Consolidated entity	
	2018	2017
	$	$
Loss used to calculate basic EPS	**(2,723,581)**	(3,474,457)

(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	**800,832,323**	622,896,969

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

11 Commitments

(a) Operating lease commitments

The Group's operating lease commitments relate to rent obligations for the Group's premises.

	Consolidated entity	
	2018	2017
	$	$
Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Within one year	**260,396**	259,965
Later than one year but not later than five years	**277,469**	533,184
	537,865	793,149

12 Financial risk management

Financial Risk Management Policies

Exposure to key financial risks is managed in accordance with the Group's risk management policy with the objective to ensure that the financial risks inherent in its activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for marketing and development expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensuring capital can be raised in advance of shortages. It is the Board's policy that, as far as possible, no speculative trading in financial instruments be undertaken so as to limit exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer, under the authority of the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in note 1 to the financial statements. The carrying values of payables and receivables are assumed to approximate fair values due to their shorter term nature. Cash and cash equivalents are subject to variable interest rates.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the respective Group entity's functional currency. The Group seeks to mitigate the effect of its foreign currency exposure by seeking the best foreign exchange rate when transferring Australian dollars (AUD) to New Zealand dollars (NZD).

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from Australian head office to fund the New Zealand operations, which mainly relate to the intercompany loan accounts for working capital. Translation risk arises out of the translation of the intercompany balances. The value of the intercompany loan balances between Australian and New Zealand entities at 30 June 2018 was $2,549,118 (2017: $1,380,261). Over the period funds have been transferred, the NZD has fluctuated between 0.66% to -6.92% above and below the closing AUD/NZD FX spot rate at 30 June 2017. The NZD has fluctuated between 1% to 4% (2017: 1% to 3%) above and below the average rate for the period. A movement of 4% in the AUD/NZD rate would translate to a movement of AUD$94,000 to profit and loss (+ and/or -) on the closing value of the NZD denominated intercompany loans.

The New Zealand subsidiary is not exposed to foreign exchange risk as all transactions are denominated in its functional currency being NZD.

(ii) Cash flow and fair value interest rate risk

The Group's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. The Group does not enter into hedges. An increase/(decrease) in interest rates by 0.5% during the whole of the respective periods would have led to an increase/(decrease) in both equity and losses of less than $6,400. 0.5% was thought to be appropriate because it represents two 0.25 basis point rate rises/falls, which management considers appropriate in the current economic climate. The majority of cash is held in cash management accounts earning interest income at a rate of 0.4% (2017: 0.802% p.a.).

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At balance date, material cash and deposits were held with National Australia Bank and Westpac (which have an AA - Standard and Poors long-term credit quality rating).

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group only trades with recognised, creditworthy third parties. The Group has a very good track record in respect of bad debts and terms of payment with customers. Consequently, its only significant exposure to credit risks is in relation to cash balances.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Group monitors its ongoing working capital requirements and has the potential to raise equity funding as and when appropriate to meet planned requirements. Currently the Group has adequate cash to meet contractual cash flows and in addition, has undrawn financing facilities (see note 6(a)). Trade and other payables are due within 3 months.

(c) Liquidity risk (continued)

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Within 1 Year**	**1 to 5 Years**	**Total contractual cash flows**
At 30 June 2018	**$**	**$**	**$**
Non-derivatives			
Trade payables and other payables	**414,194**	**-**	**414,194**
Bank overdraft	**35,661**	**-**	**35,661**
Other unsecured loans	**844**	**-**	**844**
Finance lease liabilities	**24,117**	**94,194**	**118,311**
Total non-derivatives	**474,816**	**94,194**	**569,010**
At 30 June 2017			
Non-derivatives			
Trade payables and other payables	426,426	-	426,426
Bank overdraft	105,519	-	105,519
Other unsecured loans	12,966	-	12,966
Finance lease liabilities	70,605	-	70,605
Total non-derivatives	615,516	-	615,516

The financial assets and liabilities noted above are interest free other than for the bank overdraft and the term borrowings and are continuously monitored to limit risk with respect to liquidity risk versus early repayment subject to economies of early settlement.

13 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	1,042,150	1,985,105	**3,027,255**

(a) Identification of reportable segments (continued)

	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	675,731	2,077,241	**2,752,972**

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

(a) Auditor firm

(i) Audit and other assurance services

	Consolidated entity	
	2018 $	2017 $
Audit and review of financial statements - Australia	**75,000**	52,000
Audit and review of financial statements - New Zealand	**6,915**	7,087
Total remuneration of PricewaterhouseCoopers	**81,915**	59,087

15 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the Company**	
		2018 %	2017 %
Vault Intelligence Limited	Australia	**-**	-
Subsidiaries of legal parent entity:			
NGB Industries Pty Ltd	Australia	**100**	100
Ora Banda Gold Pty Ltd	Australia	**100**	100
Subsidiaries of NGB Industries Ltd			
Vault IQ AU Pty Ltd	Australia	**100**	100
Vault IQ NZ Ltd	New Zealand	**100**	100
Platinum Safety Pty Ltd	Australia	**100**	100

16 Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets as at 30 June 2018 (2017: Nil)

17 Related party transactions

(a) Key management personnel compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2018.

	Consolidated entity	
	2018	2017
	$	$
Short-term employee benefits	**445,698**	428,893
Post-employment benefits (retirement benefits)	**27,046**	27,792
Share-based payments	**34,628**	169,750
	507,372	626,435

Key management personnel equity holdings

Refer to the Remuneration Report contained in the Directors' report for details of the equity holdings of key management personnel.

Other key management personnel transactions

There have been no other transactions involving equity instruments other than those described in the remuneration report.

(b) Transactions with other related parties

At 30 June 2018 the following balances were owing to associated companies or companies associated with directors as follows:

• ARK Securities & Investments Pty Ltd, a company related to Mr Robert Kirtlan - $12,000 for directors fees and additional executive services;
• R4 Investments Pty Ltd, a company related to Mr David Rose - $3,000 for directors fees.

Except for the above, there have been no other transactions with other related parties for the year ended 30 June 2018.

At 30 June 2017 the following balances were owing to associated companies or companies associated with directors as follows:

• ARK Securities & Investments Pty Ltd, a company related to Mr Robert Kirtlan - $11,000 for directors fees and additional executive services;
• Mr Trent Innes - $3,000 for directors fees;

Except for the above, there have been no other transactions with other related parties for the year ended 30 June 2017.

(c) Options Holdings

Interests held by KMP to purchase ordinary shares have the following expiry dates and exercise prices.

Issue Date	Expiry Date	Exercise Price	2018 Number outstanding	2017 Number Outstanding
22 June 2016	22 June 2019	$0.04	13,000,000	21,000,000
20 December 2017	20 December 2020	$0.05	3,500,000	-
20 December 2017	20 December 2017	$0.06	3,500,000	-
Total			20,000,000	21,000,000

18 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		**(2,747,490)**	(2,822,530)

19 Share-based payments

(a) Options on Issue

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Risk free interest rate	Share price at grant date	Expected price volatility	Value per per option	Share options 30 June 2018	Share options 30 June 2017
22 Jun 2016	22 Jun 2019	0.040	1.68%	$0.02	100%	$0.0097	18,800,000	22,300,000
22 Jun 2016	22 Jun 2019	0.025	1.68%	$0.02	100%	$0.0159	25,000,000	25,000,000
5 Aug 2016	5 Aug 2019	0.040	1.45%	$0.049	100%	$0.0323	11,000,000	12,000,000
5 Aug 2016	5 Aug 2019	0.060	1.45%	$0.049	100%	$0.0285	-	2,000,000
5 Aug 2016	5 Aug 2019	0.100	1.45%	$0.049	100%	$0.0235	-	1,000,000
20 Dec 2017	20 Dec 2020	0.050	2.12%	$0.029	70%	$0.009	3,500,000	-
20 Dec 2017	20 Dec 2020	0.060	2.12%	$0.029	70%	$0.008	3,500,000	-
Total							61,800,000	62,300,000

(a) Options on Issue (continued)

All options were valued using a Black Scholes option valuation model.

Details in relation to the change in the number of options on issue between 30 June 2018 and 30 June 2017 can be found in Note 8(b)(ii).

	Years 2018	**Years 2017**
Weighted average remaining contractual life of options outstanding at end of period	1.17	2.01

20 Parent entity financial information

(a) Summary financial information

The following information has been extracted from the books and records of the legal parent, Vault Intelligence Limited and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, Vault Intelligence Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

The individual financial statements for the Parent entity show the following aggregate amounts:

	2018 $	2017 $
Balance sheet		
Current assets	**2,090,188**	1,298,251
Non-current assets	**54,017**	13,252
Current liabilities	**(24,542)**	(88,211)
Net Assets	**2,119,663**	1,223,292
Shareholders' equity		
Issued capital	**23,536,164**	19,313,118
Reserves		
FX translation reserve	**23,346**	23,346
Share-based payments reserve	**854,982**	922,998
Accumulated losses	**(22,294,829)**	(19,036,170)
Total Equity	**2,119,663**	1,223,292
Profit or loss for the year	**(168,869)**	(1,187,284)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

(c) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments as at 30 June 2018 or 30 June 2017 other than to fund the commitments of its subsidiaries that are disclosed in note .

(d) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Vault Intelligence Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Vault Intelligence Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Vault Intelligence Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Vault Intelligence Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

21 Events occurring after the reporting period

(a) Capital raise

On 3rd September 2018, the Group announced that it had received firm commitments to subscribe for 166.7 million new ordinary fully paid shares from institutional and sophisticated investors at $0.03 (three cents) per share. The total to be raised is $5.0 million before expenses.

Shares are to be issued in two tranches (T1 and T2) with T1 utilising available capacity under ASX listing Rule 7.1 and 7.1A.

T1 completed on 7 September 2018 and comprised the issue of 134,853,674 shares. The T2 issue of 31,812,993 shares will be subject to a General Meeting of members to be held in early October 2018. Settlement of T2 is anticipated within five days of approval from members of the meeting.

Further details of the raise can be found at the Vault Investor Centre at https://investors.vaultintel.com/

Independent auditor's report

To the members of Vault Intelligence Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Vault Intelligence Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

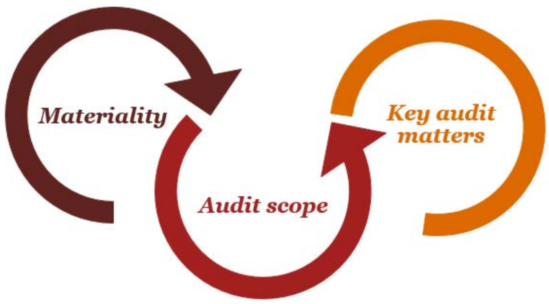
Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $60,000, which represents approximately 1% of the Group's total expenses. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose total expenses because, in our view, this is the measure that is most representative of the Group's activities at this stage. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group operates in Australia and New Zealand. An audit team acting under our direct supervision performed certain procedures in New Zealand, as this is where certain business processes and information reside. • The majority of remaining audit procedures were performed by PwC Australia.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Basis of preparation of financial report - Revenue recognition - Useful lives of intangible assets • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Basis of preparation of financial report *(Refer to note 1 (a))* As described in Note 1 to the financial report, the financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgement involved in assessing future funding and operational status, in particular with respect to the Group forecasting future cash flows for a period of at least 12 months from the date of the financial report (cash flow forecasts)	In assessing the appropriateness of the Group's going concern basis of preparation for the financial report, we performed the following procedures, amongst others: • evaluated the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the level of analysis is appropriate given the nature of the Group, the period covered is at least 12 months from the date of our auditor's report and relevant information of which we are aware as a result of the audit has been included. • enquired of management and directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. • assessed details of the capital raising announced on 3 September 2018 and examined evidence of cash received from investors subsequent to balance date. • performed a sensitivity analysis by varying key assumptions, including revenue and timing of cash receipts from customers in the cash flow forecasts, to assess whether the Group's projected cash balance (net of overdrafts) would provide adequate headroom in the event that actual performance varies from that assumed in the Group's forecasts. • developed an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary. • evaluated whether, in view of the requirements of Australian Accounting Standards, the financial report provide adequate disclosures about these events or conditions.

Key audit matter	How our audit addressed the key audit matter
Risk associated with revenue recognition *(Refer to note 2 (a))* The Group provides cloud-based and mobile software (Software) and related services under contracts with customers. The Group generates revenue from these customers contracts through: • the sale of subscriptions for the Software and • the provision of consulting and training services for the Software and data migration services. Revenue recognition for the Group was a key audit matter since it is judgemental, complex and results in the timing of recognition being significantly different to the issue of the invoice and/or receipt of cash.	We performed the following audit procedures, amongst others: • Updated our understanding of the nature and terms of the Software and services provided by the Group. • Assessed the Group's analysis of performance obligations within customer contracts and the determination, for each obligation, of revenue recognition at either a point in time or over time against the requirements of AASB 15. • Compared the conclusions reached in the Group's analysis of performance obligations and the key inputs to the subsequent calculation of revenue recognition to the terms of a sample of customer contracts. • For revenue streams recognised over time rather than at a point in time, tested the mathematical accuracy of the revenue allocation to the current financial year on a sample basis. • For a sample of customers, tested the recognition of revenue to the underlying contracts, or to invoice and cash receipt where written contracts were not in place.
Useful lives of intangible assets *(Refer to note 7 (b))* As the Group continues to invest in on-going development of new and existing products, the Group has focussed on the useful lives of this existing capitalised software. In its annual assessment of its software development assets and their useful lives, the key judgement made by the Group relates to the period over which it will continue to derive cash flows from these assets. This was a key audit matter because: • intangible assets are the largest non-financial asset on the Group's balance sheet; • judgement is required in assessing the remaining useful lives; and • the potential impact of amortisation expense on the Group's loss.	We performed the following audit procedures, amongst others: • Evaluated the Group's assessment that the useful lives of intangible assets remained appropriate at year end. This included discussion with relevant members of management to understand the anticipated timing of development of new platforms and the Group's historical pattern of migrating customers from existing to newly released products. • Tested amortisation expense for these intangible assets and found the expense to be calculated consistently with the Group's stated amortisation rates.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Corporate directory, Directors' report and Shareholder information, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 8 to 15 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Vault Intelligence Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
28 September 2018

Shareholder information

The Shareholder information set out below was applicable as at 12 September 2018.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Securities	%	No of Holders	%
100,001 and Over	982,345,996	98.53	441	50.63
10,001 to 100,000	13,822,094	1.39	275	31.57
5,001 to 10,000	817,500	0.08	82	9.41
1,001 to 5,000	11,881	0.00	3	0.34
1 to 1,000	8,930	0.00	70	8.04
Total	997,006,401	100.00	871	100.00
Unmarketable Parcels	1,278,074	0.13	185	21.24

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	% of issued shares
Merrill Lynch (Australia) Nominees Pty Limited	101,697,636	10.20
Mr David Moylan	80,174,839	8.04
Mr Wayne Ackers	60,479,909	6.07
Bluespire Capital Pty Ltd	45,012,475	4.51
Resilient Investment Group Pty Ltd	22,921,666	2.30
Pershing Australia Nominees Pty Ltd	22,613,268	2.27
New Frugalitas Fund Limited	20,717,013	2.08
Mr Jan Michael Geesink	20,000,000	2.01
Ginga Pty Ltd	19,179,557	1.92
Mr Craig Meaclem	19,059,651	1.91
Mr Grant Michael Roberts	19,000,000	1.91
Mrs Patricia Moylan	17,177,195	1.72
Wilford Investment Trust Limited	16,677,195	1.67
Sandhurst Trustees Ltd	13,663,140	1.37
Forsyth Barr Custodians Ltd	12,475,000	1.25
EMS Arcadia Pty Ltd	12,372,000	1.24
Mr Clark Elliott Perkins	11,250,000	1.13
Mr David Kelly & Kylie Little	10,358,507	1.04
Mr Andrew Lucena	10,358,506	1.04
Mrs Serng Yee Liew	9,000,000	0.90
Total	544,187,557	54.58
Balance of register	452,818,844	45.42
Grand total	997,006,401	100.00

Unquoted equity securities

B. Equity security holders (continued)

There are 7 holders of 18,800,000 unlisted $0.04 Options expiring 22 June 2019.

Holders of more than 20%:	Holding	%
David Moylan	10,000,000	53.19

There are 9 holders of 25,000,000 unlisted $0.025 Options expiring 22 June 2019.

Holders of more than 20%:	Holding	%
Argonaut Investments Pty Ltd	23,920,000	95.68

Employee Incentive Scheme

There are 7 holders of 18,000,000 options with vesting conditions that were issued to officers of the company:

No. of Options	Exercise Price	Vesting Condition
11,000,000	$0.04	Company achieving audited revenue of $4 million in a financial year - Exp 04/08/19
3,500,000	$0.05	Company achieving $4 million of annual recurring revenue - Exp 20/12/20
3,500,000	$0.06	Company achieving $6 million of annual recurring revenue - Exp 20/12/20

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	%
Merrill Lynch (Australia) Nominees Pty Limited	101,697,636	10.20%
Mr David Moylan	80,174,839	8.04%
Mr Wayne Ackers	64,429,909	6.07%

D. Voting rights

Each fully paid ordinary share carries voting rights of one vote per share along with rights to dividends.

E. Market Buy Back

There is no current on market buy-back.