

Appendix 4D

Half Year Financial Report

Name of entity	VAULT INTELLIGENCE LIMITED
ABN	15 145 040 857
Reporting period	Half Year ended 31 December 2017
Previous corresponding period	Half Year ended 31 December 2016

The information contained in this report should be read in conjunction with the most recent annual financial report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			31 December 2017	31 December 2016
Revenue from ordinary activities	Up	7%	1,404,990	1,308,645
(Loss) from ordinary activities after income tax attributable to members	Up	20%	(1,870,467)	(1,555,260)
Total comprehensive (loss) attributable to members	Up	13%	(1,794,650)	(1,592,647)
<i>The company does not have a dividend policy.</i>				

NTA Backing	31 December 2017	31 December 2016
Net tangible asset/(liability) backing per ordinary share	0.493 cents	0.112 cents

BRIEF EXPLANATION OF THE ABOVE FIGURES

The principal activity of the Company is the provision of cloud based and mobile Environmental Health and Safety (EHS) software. The Company is still in the stage of developing new products and enhancing existing ones and the costs associated with this is consistent with industry standards and the groups internal budget and forecasting.

The Company has completely moved to a SaaS based revenue business model and has been an early adopter of AASB 15. The move to a SaaS based revenue model has meant many customers who would have previously paid annually in advance now pay on a monthly basis albeit they may still be contracted to terms of up to three years. This has an effect on the Company's immediate cash flows versus new contracts written and older contracts resigned. The Company has also experienced some delay in completion of new product development and upgrades which has had an effect on new customers commencing use of the system and hence some payments have also been delayed. These delays will be corrected in the upcoming third quarter and the Company should return to a cycle of new signings commencing Annualised Recurring Revenue (ARR) generation within one to four months of signing. The Company is working to shorten the contract signing to go live cycle with new customers which will enhance cash flow generation. During the six months reported on the Company has generated \$789,000 in new contracted ARR. This is a record result for the Company and ARR is now approaching \$3m. As discussed above there has been some product delivery delay which has impacted on the receipt of funds for these new ARR signings however, the Company expects this to be resolved in the coming quarter. Despite this, revenue is up 7% on the prior period.

Increased costs are in general constituted by the following factors:

- The Company has continued to expand its operations in Australia through building a sales, marketing and development team resulting in an increase in employment costs;
- Expansion into China and South East Asia has led to costs not currently matching revenue as product for these markets is developed, enhanced and marketed;
- The Company restructured its New Zealand sales force and adopted a new sales strategy which resulted in significant one off costs;
- The Increase in spend on research and development on the new Version 3 Enterprise Platform (V3) has gone significantly over the initial budget but, is a planned event as the platform now provides better work flow control and management, much improved user interface and user experience and the Company believes it will provide a robust launch pad for increased sales;
- Administration costs continued to increase as items such as new tech and support hires, travel expenses, office premises and similar costs associated with an expanding business impacted the bottom line; and
- Foreign currency translation from New Zealand (NZD) to Australian Dollar had a negative effect as the NZD weakened by approximately 7%.

Details of Controlled Entities

There were no entities gained or lost during the period.

Associates / Joint Venture Entities

Not applicable. Vault Intelligence Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2017.

Dividends

No dividends have been declared for the half-year ended 31 December 2017 or for the previous corresponding period.

Accounting Standards

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4D.

Review Conclusion

This report is based on the financial statements for the half-year ended 31 December 2017. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



David Moylan
Managing Director / Chief Executive Officer
Date: 27 February 2018



Vault Intelligence Limited

ABN 15 145 040 857

Interim report

for the half-year 31 December 2017

Vault Intelligence Limited

ABN 15 145 040 857

Interim report - 31 December 2017

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Directors' report

Your Directors present their report on the Consolidated entity consisting of Vault Intelligence Limited ("Company") and the entities it controlled at the end of, or during, the half-year 31 December 2017. 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 period and up to the date of this report:

Robert Kirtlan
David Moylan

David Rose was appointed as a Director on 29 September 2017 and continues in office at the date of this report.

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

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

Lloyd Flint was the company secretary from the beginning of the financial period until his resignation on 29 November 2017.

Paige Exley was appointed as company secretary on 29 November 2017 and continues in office at the date of this report.

Principal activities

During the year the principal continuing activity of the Group was the provision of cloud-based and mobile Environmental Health and Safety (EHS) software.

Review of operations

The first six months of the 2017-18 financial year has been a particularly busy one for the Company as during the period the Company:

- Restructured its New Zealand sales force and adopted a new sales strategy;
- Achieved record new contracted Annualised Recurring Revenue (ARR) for the period;
- Completed a successful \$4.5m capital raising;
- Commenced work on the Vault Enterprise platform;
- Continued development of new mobile Apps and enhancement of existing Apps;
- Developed the first App for the China market and established a presence in Shanghai;
- Established a partnership with an experienced EHS group with operations in Singapore, Kuala Lumpur; and
- Continued to add additional sales, technical and support personnel.

The Company conducted a major strategic workshop in July of 2017. From this many of the current strategies adopted are either working well or are a work in progress. The change to the New Zealand sales process has yielded immediate results via outsourcing to an experienced enterprise sales group. Sales generated by the Group have far exceeded previous results and the expectation is for this to continue as record ARR was contracted during the first six months. Australian sales are also in growth phase as the new team settles in and new customers are added there.

Directors' report

Review of operations (continued)

Technology Development

On the technical front, the Company initially commenced work on a new User Interface/User Experience (UI/UX) refresh of the existing Vault 2 (V2) Enterprise Platform. It soon became apparent during this process the Company should also look at creating new workflows and other enhancements which meant the project soon became a major revamp of V2 and has recently been launched as V3. As a consequence, the V3 launch was pushed from an initial September/October 2017 launch to January/February 2018 launch. This caused a delay on delivery to a number of customers who wanted V3 product which slightly impacted cash receipts in Q2 as delivery was pushed to Q3. The budget for the UI/UX work was also exceeded and has impacted on costs however, the Company believes the updated product positions V3 very well for future sales growth and also enhances customer retention. Elsewhere technically, the Company has continued development of new Apps which are currently at or nearing launch mode.

China and South-East Asia

The Company continued with a constrained capital approach to its China launch. This had some adverse effects as local Vault software engineers worked with an unfamiliar language and different UI/UX logic. Regardless, the Company has had its first check list sale and has been trialing product with another major group and the App is functioning well. The Company has recently appointed a Melbourne based Mandarin speaking engineer to circumvent language and logic based issues as V3 is converted to Mandarin. The Company has received enquiry about the enterprise platform and will be seeking to commence QA/QC and trialing of the product in Q3/Q4.

In conjunction with the China project the Company has engaged with a very experienced group of EHS specialists based in Singapore and Kuala Lumpur. The group, GRC Partners Asia (GRC), is well known to Vault and has had experience with several other specialist EHS platforms and can provide marketing, pre-sales, sales, integration, learning and support services. GRC made their first sale in late Q2 and has an excellent pipeline of opportunities for both V3 Enterprise Platform and stand alone Apps solutions.

Customer Success Programs

As sales growth and technical development increased the Company has had to add additional members of its team. With the increased sales the Company is particularly mindful of delivery of its Customer Success programs. It is important the client experience from implementation and integration to learning and then support is efficient and user friendly as rapid growth in sales can have poor unintended consequences when it comes to delivery and lack of personnel to deliver. At the time of writing the Company has added two specialist people to the Customer Success program and is continuing work to further streamline and enhance the customer experience.

Operations in general

The general operating environment for the Company has been good. The Company is still strongly focused on servicing the SME market and is finding its recent reach into major corporate transactions is gathering momentum.

The Company has been developing a twin approach to sales, being:

- sales of the Enterprise Platform to larger customers; and
- a stand alone multiple App approach for smaller customers.

The latter sales approach allows a customer to buy one or all of the Company's Apps relevant to their business needs. The Apps have their own independent reporting, management and configuration backend allowing customers to utilise individual apps and then potentially migrate into the Vault Enterprise Platform at a later date should they wish. The Company continues to develop its digital approach to sales which has been delayed as development team focus is on V3 and App development and enhancement.

Corporate

Capital Raise

The Company conducted a successful capital raising on 27 October 2017 which was oversubscribed. The Company issued 166,666,667 new shares at \$0.027 per share to institutional and sophisticated investors to raise approximately \$4.228million net of costs.

Directors' report

Review of operations (continued)

Director Option Issue

7 million options with performance vesting conditions were issued on 20 December 2017 under the Employee Incentive Scheme to officers of the company as follows:

No. of Options	Exercise Price	Expiry	Vesting Condition
3,500,000	\$0.05	3 years	On achievement of \$4million annual recurring revenue
3,500,000	\$0.06	3 years	On achievement of \$6million annual recurring revenue

For this purpose, annual recurring revenue represents the annual value of all active software subscriptions to Vault's services.

Cancellation of KPI and Management Options

During the 6 months ended 31 December 2017, 7.5 million options with vesting conditions failed to vest and were cancelled under the Employee Incentive Scheme to officers and employees of the company as follows:

No. of Options	Option Type	Exercise Price	Vesting Condition
3,500,000	KPI Option	\$0.04	Company achieving audited revenue of \$4million in a financial year
1,000,000	Management Option	\$0.04	Company achieving audited revenue of \$4million in a financial year
2,000,000	Management Option	\$0.06	Company achieving audited revenue of \$6million in a financial year
1,000,000	Management Option	\$0.10	Company achieving audited revenue of \$10million in a financial year

In 2016 Trent Innes was awarded 5,000,000 KPI option 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 31 December 2017, Trent Innes resigned as a Director. In recognition of his service to the Group, the board resolved to allow Trent 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.

In 2016, 6,000,000 management options were issued with varying vesting conditions under the Group's ESOP to an employee. 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 31 December 2017, the option holder resigned as an employee. In recognition of his service to the Group, the board resolved to allow the employee retain 1,000,000 of his options removing the service vesting condition. The remaining 4,000,000 options were cancelled by forfeiture due to the failure to meet existing service conditions.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial period were as follows:

Contributed equity increased by \$4,228,002 (from \$13,678,022 to \$17,906,024) net of transaction costs as the result of a capital raise to institutional and sophisticated investors. Details of the changes in contributed equity are disclosed in note Share capital to the financial statements.

Events since the end of the half-year period end

No matter or circumstance has arisen since 31 December 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

Directors' report

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 5.

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



David Moylan
Director

27/02/2018



Auditor's Independence Declaration

As lead auditor for the review of Vault Intelligence Limited for the half-year ended 31 December 2017, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in blue ink, appearing to read "CH", with a small dot at the end.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
27 February 2018

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Vault Intelligence Limited

ABN 15 145 040 857

Interim financial report - 31 December 2017

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

The financial statements are presented in the Australian dollar (\$).

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 27/02/2018. The Directors have the power to amend and reissue the financial statements.

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

Consolidated statement of comprehensive income
for the half year ended 31 December 2017

	Consolidated entity	
	31 December 2017	31 December 2016
Notes	\$	\$
Software revenue	1,128,207	1,090,735
Other revenue	267,517	202,235
Interest received	9,266	15,675
Total revenue and income	1,404,990	1,308,645
Marketing and advertising	(122,406)	(184,120)
Occupancy expenses	(160,748)	(88,283)
Administrative expenses	(461,296)	(293,982)
Employee benefits expense	(1,853,011)	(1,298,663)
Depreciation and amortisation	(190,666)	(172,163)
Interest expense	(17,116)	(31,133)
Bad debts expense	(1,100)	(17,335)
Loss on disposal of assets	-	(274)
Share based payments	89,926	(277,624)
Web hosting expense	(109,849)	(90,165)
Foreign exchange loss	(111,600)	(588)
Travel expenses	(181,744)	(127,416)
Insurance expenses	(10,588)	-
Other	(145,259)	(243,132)
Loss before income tax	(1,870,467)	(1,516,233)
Income tax expense	-	(39,027)
Loss for the half year	(1,870,467)	(1,555,260)
Other Comprehensive income/(loss) for the year		
<i>Items that may be reclassified to profit and loss</i>		
Foreign currency translation reserve differences	75,817	(37,387)
	75,817	(37,387)
Total comprehensive loss for the half year	(1,794,650)	(1,592,647)
Loss attributable to:		
Owners of Vault Intelligence Limited	(1,870,467)	(1,555,260)
	Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:		
Basic earnings per share	(0.253)	(0.265)
Diluted earnings per share	(0.253)	(0.265)

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

Consolidated balance sheet

as at 31 December 2017

	Consolidated entity	
	31 December	30 June
	2017	2017
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,659,724	1,375,812
Trade and other receivables	255,026	323,273
Current tax receivables	1,901	1,990
Total current assets	3,916,651	1,701,075
Non-current assets		
Property, plant and equipment	112,070	129,926
Intangible assets	1,308,523	1,198,316
Other non-current assets	25,000	25,000
Term and security deposits	431,972	454,184
Total non-current assets	1,877,565	1,807,426
Total assets	5,794,216	3,508,501
LIABILITIES		
Current liabilities		
Trade and other payables	393,348	428,417
Borrowings	60,140	83,571
Bank overdraft	7,979	105,519
Employee benefit obligations	177,511	187,040
Deferred revenue	905,359	797,502
Total current liabilities	1,544,337	1,602,049
Total non-current liabilities	-	-
Total liabilities	1,544,337	1,602,049
Net assets	4,249,879	1,906,452
EQUITY		
Share capital	17,906,024	13,678,022
Other reserves	680,285	694,393
Retained earnings	(14,336,430)	(12,465,963)
Total equity	4,249,879	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 half year ended 31 December 2017

	Attributable to owners of Vault Intelligence Limited				Total equity \$
	Share capital \$	Option Reserve \$	Accumulated losses \$	Foreign currency translation reserve \$	
Consolidated entity					
Balance at 1 July 2016	12,164,245	289,825	(8,991,505)	(210,512)	3,252,053
Loss for the half year	-	-	(1,555,260)	-	(1,555,260)
Other comprehensive loss	-	-	-	(37,387)	(37,387)
Total comprehensive income for the period	-	-	(1,555,260)	(37,387)	(1,592,647)
Transactions with owners in their capacity as owners:					
Issue of options	-	277,623	-	-	277,623
Capital Raising Costs	(11,788)	-	-	-	(11,788)
	(11,788)	277,623	-	-	265,835
Balance at 31 December 2016	12,152,457	567,448	(10,546,765)	(247,899)	1,925,241
Balance at 1 July 2017	13,678,022	883,998	(12,465,963)	(189,605)	1,906,452
Loss for the half year	-	-	(1,870,467)	-	(1,870,467)
Other comprehensive loss	-	-	-	75,817	75,817
Total comprehensive income for the period	-	-	(1,870,467)	75,817	(1,794,650)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	2(a) 4,228,002	-	-	-	4,228,002
Employee share schemes - value of employee services	2(b) -	12,720	-	-	12,720
Employee share schemes - writeback of expenses recognised on options that failed to vest	-	(102,646)	-	-	(102,646)
	4,228,002	(89,926)	-	-	4,138,076
Balance at 31 December 2017	17,906,024	794,072	(14,336,430)	(113,788)	4,249,878

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

Consolidated statement of cash flows

for the half-year ended 31 December 2017

	Consolidated entity	
	31 December	31 December
	2017	2016
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,798,032	1,401,032
Payments to suppliers and employees (inclusive of goods and services tax)	(3,407,397)	(2,960,094)
Interest received	9,266	15,675
Interest paid	(2)	(31,133)
Net cash (outflow) from operating activities	(1,600,101)	(1,574,520)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,802)	(51,410)
Payments for term and security deposits	3,661	-
Purchase of intangible assets	(200,992)	(79,215)
Net cash (outflow) from investing activities	(201,133)	(130,625)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	2(a) 4,499,982	-
Repayment of borrowings	-	(637,712)
Capital raising costs	(287,730)	(11,788)
Net cash inflow (outflow) from financing activities	4,212,252	(649,500)
Net increase (decrease) in cash and cash equivalents	2,411,018	(2,354,645)
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	(29,566)	-
Cash and cash equivalents at end of period	3,651,745	1,547,927
Cash and cash equivalents at end of the half year		
Comprised of:		
Cash and cash equivalents	3,659,724	1,762,953
Bank overdraft	(7,979)	(215,026)
Total	3,651,745	1,547,927

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

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1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Vault Intelligence Limited and its subsidiaries.

(a) Basis of preparation

The consolidated interim financial report is a general purpose condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Vault Intelligence Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(i) Going Concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Group's working capital at 31 December 2017 of \$2,372,314 with Group cash of \$3,659,724 is adequate to enable the Group to meet its committed operation expenditure beyond 28 February 2019.

(ii) New and amended standards adopted by the group

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial statements are consistent with those adopted and disclosed in the company's annual financial statements for the year ended 30 June 2017 and the corresponding interim reporting period.

2 Equity

(a) Share capital

	31 December 2017 \$	31 December 2017 Shares	30 June 2017 \$	30 June 2017 Shares
Ordinary shares				
Opening balance	13,678,022	695,486,060	12,164,246	565,226,065
Share Issue	4,499,982	166,666,667	-	-
Public offer share issue	-	-	1,657,776	55,259,995
Costs of issue	(271,980)	-	(144,000)	-
Contingent rights conversion	-	-	-	75,000,000
	17,906,024	862,152,727	13,678,022	695,486,060
Total share capital and share premium	17,906,024	862,152,727	13,678,022	695,486,060

The Group announced in October 2017 that it undertook a capital raising to institutional and sophisticated investors to subscribe for 166,666,667 shares at \$0.027 per share. This placement was undertaken over two tranches to comply with ASX listing rules.

Equity

(b) Other reserves

(i) Nature and purpose of reserves

Option Reserve

The option reserve is used to recognise:

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

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity 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	
	31 December	30 June
	2017	2017
	\$	\$
Foreign currency translation reserve	(113,788)	(189,605)
Option reserve	794,073	883,998
	680,285	694,393

(ii) Option Reserve

The option reserve records items recognised as expenses over the vesting period on valuation of employee share options.

	31 December	31 December
	2017	2017
	\$	No.
Movement in option reserve		
Opening balance	883,998	62,300,000
KPI Options forfeited (i)	(21,826)	(3,500,000)
Management Options forfeited	(68,694)	(4,000,000)
Director Options (ii)	319	3,500,000
Director Options (iii)	276	3,500,000
	794,073	61,800,000

i) 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 31 December 2017, Trent Innes resigned as a Director. In recognition of his service to the Group, the board resolved to allow Trent 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.

ii) Director options issued pursuant to shareholder approval on 20 December 2017. The options were issued pursuant to the Employee Incentive Scheme with an \$0.05 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving \$4 million annual recurring revenue.

Equity

(b) Other reserves (continued)

(ii) Option Reserve (continued)

iii) Director options issued pursuant to shareholder approval on 20 December 2017. The options were issued pursuant to the Employee Incentive Scheme with an \$0.06 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving \$6 million annual recurring revenue.

(iii) Foreign Currency Translation Reserve

	Consolidated entity	
	31 December	30 June
	2017	2017
	\$	\$
Opening balance	(189,605)	(210,511)
Movements on translation of foreign subsidiary operations during and at period end	75,817	20,906
	(113,788)	(189,605)

3 Non-financial assets and liabilities

(a) Intangible assets

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

Non-financial assets and liabilities

(a) Intangible assets (continued)

Half-year 31 December 2017

Opening net book amount	1,083,916	83,300	31,100	1,198,316
Additions - purchases ¹	-	282,647	-	282,647
Exchange differences	-	-	(73)	(73)
Amortisation charge	(154,365)	(14,111)	-	(168,476)
Depreciation charge	-	-	(3,891)	(3,891)
Closing net book amount	929,551	351,836	27,136	1,308,523

At 31 December 2017

Cost	2,120,912	365,947	35,940	2,522,799
Accumulated amortisation and impairment	(1,191,361)	(14,111)	(8,804)	(1,214,276)
Net book amount	929,551	351,836	27,136	1,308,523

¹ Represents the additions to the Vault Intellectual property from outsourced product development during the half-year. The additions to the Internally Generated software are for upgrades of the Vault platform.

4 Segment information

(a) Identification of reportable segments

The Group operates in one reporting 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 \$
31 December 2017 operating segments			
Software revenue	327,122	801,085	1,128,207
Other revenue	170,420	97,097	267,517
	<u>497,542</u>	<u>898,182</u>	<u>1,395,724</u>
	Australia \$	New Zealand \$	Total \$
31 December 2016 operating segments			
Software revenue	305,919	784,815	1,090,734
Other Revenue	42,090	160,146	202,236
	<u>348,009</u>	<u>944,961</u>	<u>1,292,970</u>

5 Related party transactions

(a) Related Party Option Holdings

The number of options held in Vault Intelligence Limited held by each key management person of the Group during the period is as follows:

	Balance at start of the year	Granted as compensation	Exercised	Other changes ¹	Balance at end of the half-year
Mr Robert Kirtlan	6,795,000	5,000,000	-	-	11,795,000
Mr David Moylan	10,000,000	-	-	-	10,000,000
Mr Trent Innes	5,000,000	-	-	(3,500,000)	1,500,000
Mr Samuel Smart	3,000,000	-	-	-	3,000,000
Mr David Rose	-	2,000,000	-	-	2,000,000
	24,795,000	7,000,000	-	(3,500,000)	28,295,000

¹ See note 2(b)

6 Commitments

(a) Operating Lease Commitments

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

	Consolidated entity	
	31 December 2017	30 June 2017
	\$	\$
Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Within one year	257,254	259,965
Later than one year but not later than five years	386,556	533,184
	643,810	793,149

7 Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets as at 31 December 2017 (30 June 2017: Nil)

8 Events occurring after the reporting period

There have been no other material items, transactions or events subsequent to 31 December 2017 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.



Independent auditor's review report to the members of Vault Intelligence Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vault Intelligence Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Vault Intelligence Limited Group. The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vault Intelligence Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vault Intelligence Limited is not in accordance with the *Corporations Act 2001* including:

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1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

CH

Craig Heatley
Partner

Perth
27 February 2018