VAULT ANNUAL REPORT 2019

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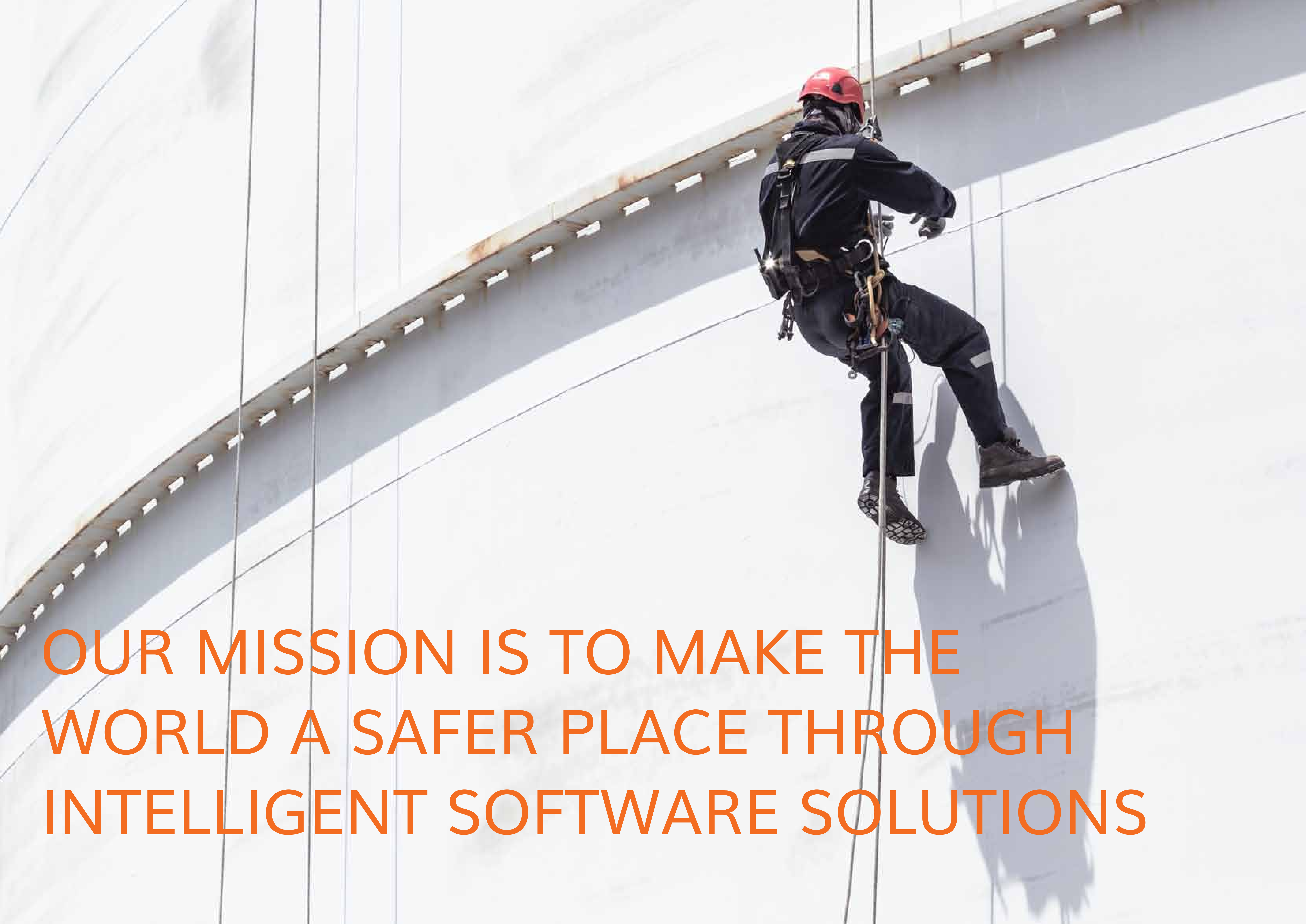


OUR MISSION IS TO MAKE THE WORLD A SAFER PLACE THROUGH INTELLIGENT SOFTWARE SOLUTIONS

Year in Review

ACHIEVED
RECORD SALES
2019

82%
CARR* GROWTH
YEAR ON YEAR

RECORD NET
NEW CARR
$2.7M
168% GROWTH Y.O.Y

OVER
400
CUSTOMERS

**Contracted Annualised Recurring Revenue*

INAUGURAL SALES OF
VAULT
SOLO

CARR
A$6M

1 MANAGING DIRECTOR & CEO'S REVIEW

Managing Director & CEO's Review

Looking back on FY18/19 and towards Vault's future, we're excited to be so well positioned in an emerging and rapidly growing market. We have the team, the technology, the market and the products to drive improved business performance for customers, underpinned by protection of their workforce. Our business is evolving beyond a safety technology company.

Our performance has met or exceeded our forecasts and set several records in the year.

Records and key highlights include:

- Record new Contracted annualised recurring revenue (CARR) growth of 82% year on year;
- Record net new CARR amounting to $2.71M, meeting market guidance of $6M;
- Record total cash receipts, up 33% year on year to $5.33M. This includes the receipt of research and Development grants from both the Australian and New Zealand Governments;
- Commercial launch of the Vault Solo lone worker solution and development of further features and integrations to the product;
- Establishment of partner and reseller agreements with key partners in Australia, New Zealand, Singapore (covering Asia) and the United Arab Emirates; and
- Establishment of our Singapore Office and material sales into that market.

Vault Solo

Along with rapid advancements in the mobile and wearables technology sector is the emerging People Monitoring, Productivity and Safety Solutions market.

Our leading people monitoring, mobile and wearables product, Vault Solo highlights how well positioned we are to leverage our current customer base and products. Vault Solo was launched in late 2018 to drive performance, productivity and to protect workers onsite and out in the field. It is universally and globally applicable and is being sold and trialled around the world. In FY2019 and in only six months, new CARR from Solo was A$1.4M.

Our global launch of Vault Solo has had a significant impact on our total addressable market.

Vault Enterprise

Vault Enterprise – our end-to-end health, safety and risk management platform for medium to large organisations, is well established in the Australian and New Zealand Environment, Health and Safety (EHS) market. Vault Enterprise has over 400 customers and A$4.6M CARR.

In FY2019, our Vault Enterprise CARR growth was 42% compared to the overall estimated market growth globally of 11% p.a. Continued enhancement of the Vault enterprise platform and migration of customers from older Vault enterprise versions onto its latest Vault 3 platform has delivered real outcomes for Vault and our customers.

With the value of Australia and New Zealand's EHS market estimated at $1.5 billion, this offers significant future growth potential for Vault Enterprise.

Proven track record

Vault's CARR has been growing rapidly since FY2016. Record annual growth in CARR in FY2019 of 82%. CARR growth is accelerating via inaugural Vault Solo sales. The figure below sets out our CARR for the past four years and the forecast for FY2020.

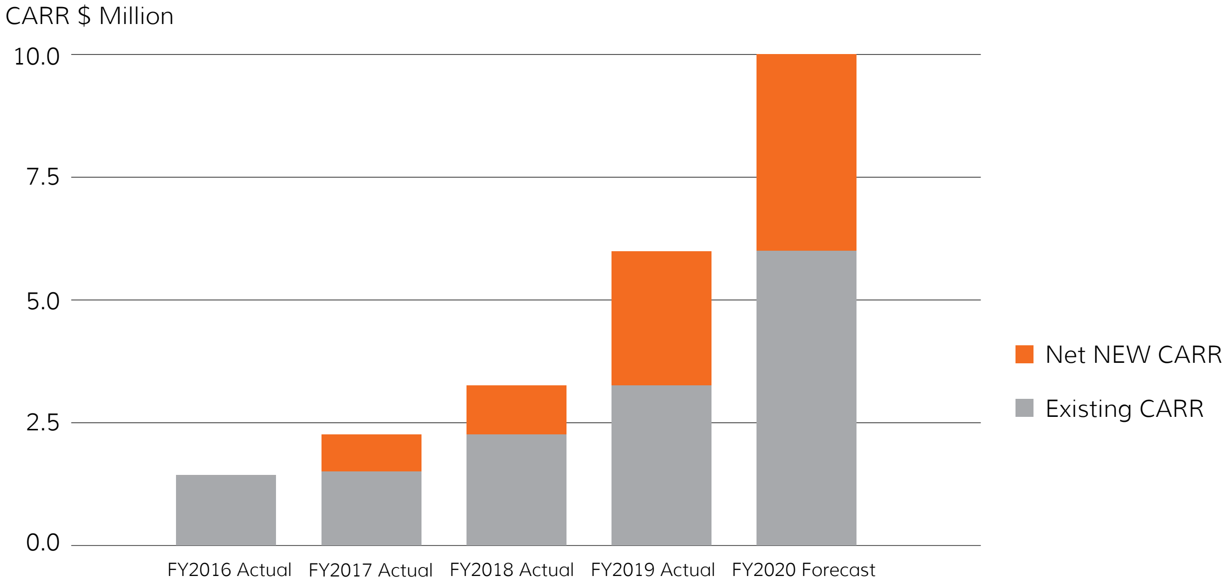


Figure 1. Vault's Actual and Forecast CARR – FY16-20

Note: CARR is defined by Vault as the Annual Recurring Revenue of all active subscription services (as at defined date) being delivered by Vault, plus, the future committed annual recurring revenue (as at defined date via either a signed contract, signed heads of agreement or other supporting documentation to confirm terms) of subscription services yet to commence. Future committed annual recurring revenue is measured as the total committed contract value divided by the contract term measured in years. The difference between this and ARR (Annualised recurring revenue, which is defined as the last months software revenue multiplied by 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.

[1]Estimate of the EHS market in Australia & New Zealand (ANZ) is derived and estimated by VLT from a report by "MarketandMarkets" forecasting global CAGR to 2022 of 11.1%.

Managing Director & CEO's Review continued

Record 168% growth in Net New CARR in FY2019

Inaugural sales in Vault Solo, drove record CARR growth in FY2019. These sales, whilst significant for Vault, represent a small entrée into a globally emerging and largely untapped market. Vault's Solo solution provides Vault an early mover advantage in the business to business market, from small to large enterprises.

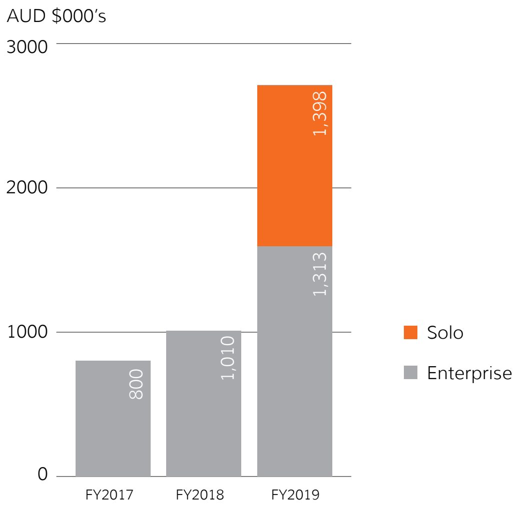


Figure 2. Net New CARR

82% CARR growth in FY2019 will drive strong future revenue growth

While Vault's Enterprise product CARR continued to grow in FY2019 at 40%, overall year on year CARR growth of 82%, as noted above, was driven mainly by Vault Solo as demonstrated in Figure 3.

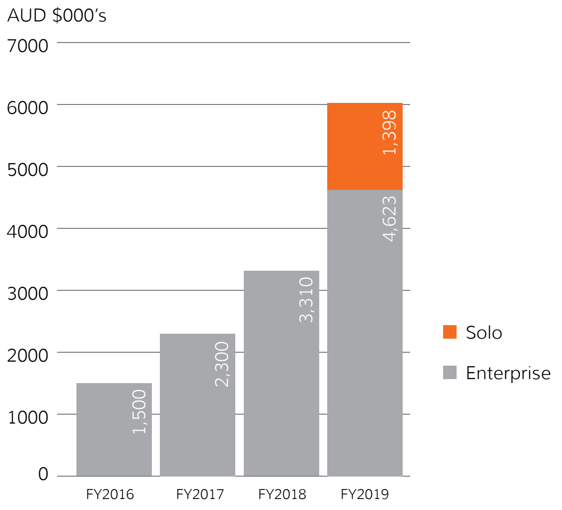


Figure 3. Total CARR

[1]Estimate of the EHS market in Australia & New Zealand (ANZ) is derived and estimated by VLT from a report by "MarketandMarkets" forecasting global CAGR to 2022 of 11.1%.

Growth continues in Total Cash Receipts

Total cash receipts continue to grow at 27% CAGR. Future cash receipts will be underpinned by record CARR growth in FY2019 and going forward.

Figure 4. Total Cash Receipts

Strong Gross Profit performance and continued focus on growth

We set out below a summary of the Consolidated Profit and Loss statement for the group, demonstrating strengthening gross profit performance and a continued commitment to further growth through investment in sales and marketing and product development:

Profit & Loss ($000's)	**FY2019**	**FY2018**	**Growth %**
Operating Revenue	**3,567**	**3,027**	**18%**
Gross Profit	**2,052**	**1,585**	**29%**
GP Margin %	**58%**	**52%**	**10%**
Cost of Growth	2,755	1,712	61%
Product Development	880	401	119%
Net Other Expenses	2,218	1,793	24%
Total Operating Expenses	**5,853**	**3,906**	**50%**
EBITDA	**(3,801)**	**(2,321)**	**64%**
EBIT	**(4,635)**	**(2,724)**	**70%**
NPAT	**(4,635)**	**(2,724)**	**70%**

The company achieved record Gross Profit of $2.05 million, a 29% increase on the previous year and an improving margin of 58% which will continue to improve in FY2020.

FY2019 total operating expenses of $5.85 million was $1.95 million greater than the previous year. Majority (78%) of this $1.95 million increase related to investment in Cost of Growth and Product Development. Cost of Growth includes all costs incurred to increase the group's CARR and exploring new markets.

Depreciation and amortisation costs also increased significantly over the period due to the amortisation of investment in software development in the preceding years and the commercial launch of the Vault Solo Product

Managing Director & CEO's Review continued

Cost of growth performance continues to improve with further improvements to come

Cost of Growth as a percentage of Net New CARR for FY2019 was 102%. This represented a significant improvement on the previous year of 170%. The company is targeting to further improve this important metric in FY2020.

Increased operating scale driving improving operating cash flows

We set out below a summary of the Consolidated Cash Flow Statement for the group.

Cash Flow Statement ($000's)	FY2019	FY2018	Growth %
Net Operating Cash Flow	(286)	(729)	-61%
Payments for Cost of Growth	(2,667)	(1,660)	61%
Payments for Capital Expenditure	(1,560)	(548)	185%
Net Cash Inflows (Outflows)	**(4,513)**	**(2,937)**	**54%**
Opening Cash at Bank^	2,133	912	134%
Net effect of FX rate changes	(70)	(49)	43%
Capital funding (net of costs)	4,811	4,207	14%
Closing Cash at Bank^	**2,361**	**2,133**	**11%**

^Cash at bank includes all group cash at bank balances and overdraft balances and excludes cash held in bank terms deposits that are subject to supplier or bank guarantees.

Excluding cost of growth, net operating expenditure was close to breakeven. Increased cash flows were focused on cost of growth the benefit of which was record net new CARR growth. Increased capital expenditure was on the back of investment in the new Solo product.

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.

Board changes

In March 2019, Ross Jenkins was appointed Chair of Vault. Ross has over 30 years of industry experience, including a pivotal role as Chief Financial Officer and Chief Operating Officer of Xero during its early high-growth stage.

Evonne Collier resigned as Chair of Vault in March 2019. We'd like to thank Evonne for her service to the board.

Strengthening our executive management

We had two important appointments during FY2019.

In January 2019, David Rose was appointed Chief Operating Officer and Chief Information Officer. David has 20 years industry experience, including CIO roles at Opteon, Watpac and Macarthur Coal.

In June 2019, Paul Cullinan was appointed Chief Financial Officer. Paul has over 14 years' experience working in fast-growing technology companies, including the founding CFO role at iSelect and Nimble and CEO of Sumo Energy.

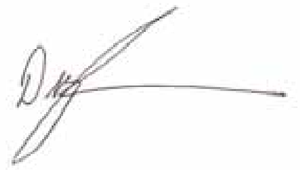
We have continued to invest in people and operational teams, particularly in product design and development. We recognise the competitive forces in the Software as a Service (SaaS) market and continue to strive to attract new talent to maximise our potential and success, retain our 'first mover' advantage in the Solo lone worker space, and strive to provide excellent high quality existing products and new disruptive technology.

What we're focusing on

Over the next few years our focus is on expanding our core Vault Enterprise and Solo products.

The Vault Enterprise focus will remain in the Australian and New Zealand markets, with their significant untapped opportunities. For Vault Solo, the focus will be on global development and expansion, accelerating our journey to scale and profitability.

On behalf of the Vault board and executive management team, thank you for your continued support.



David Moylan
Managing Director & CEO

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 2019. Throughout the report, the Consolidated entity is referred to as the Group.

Directors

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:

- Ross Jenkins
  (Non-Executive appointed 13 July 2018 and appointed Chairperson on 21 March 2019)
- David Moylan
  (Managing Director)
- Robert Kirtlan
  (Non-Executive)
- David Rose
  (Executive Director)
- Evonne Collier
  (Non-Executive appointed 13 July 2018 and appointed Chairperson, resigned 20 March 2019)

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

No dividends were paid or declared since the start of the financial year (2018: Nil). No recommendation for payment of dividends has been made (2018: Nil).

Review of operations

The board is pleased with the progress of the business during the year ended 30 June 2019. Some highlights include the achievement of records in several key metrics including, net new CARR, overall CARR, total cash receipts and inaugural sales of the Vault Solo product.

We continue to monitor our Key Performance Indicators (KPI's) to improve efficiencies and performance across all areas of the business. 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.

The loss from ordinary activities after income tax amounted to $4,635,078 (2018 loss: $2,723,581). 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 has been offset by the receipt of R&D Tax Incentive grants in Australia and New Zealand.

Directors Report continued

Operational highlights

The Group achieved the following major milestones:

- Commercial launch of the Vault Solo lone worker solution and development of further features and integrations to the product;
- Continued enhancement of the Vault Enterprise platform and continued migration of customers from older Vault Enterprise versions onto the latest Vault 3 platform;
- Invested in back end infrastructure to allow operations to efficiently scale. This investment includes billing and subscription management systems, customer relationship management systems and work to consolidate the 3rd party hosting of the Vault Enterprise and Vault Solo platforms.

The launch of the new Vault Solo platform was an important milestone for the company as it represents its second standalone product, but also enhances the existing Vault Enterprise service. Vault Solo represents an important diversification in Vault's service offering, greatly enhancing the addressable market size that the Group can reach with its products.

The executive team and board remain very excited by the future beyond the risk and safety technology sector as the company extends into the people monitoring, mobile and wearables market. 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 these groups with either mobile application-based solutions through to large enterprise solutions helping them drive performance, whilst continuing to protect workers. Customers can achieve a genuine return on investment from their use of the Vault systems.

We have continued to work hard on improving not just its product but also its software and system delivery, and account and customer relationship management. This has been underpinned by investments into key subscription management systems and consolidation of webhosting infrastructure for its products.

Technical development

The Group launched its Vault Solo platform in late 2018 and a full production model in March 2019, leading to material customer signings, including two new large clients in New Zealand and Singapore in the past four months.

The product has continuously been developed and new features added since launch, with features such as driver monitoring (SoloDrive), Business Intelligence (SoloInsights) and fall detection capabilities on the Solo app for the Samsung Galaxy smart watch. The Group will continue to invest in Solo and enhance its capabilities in the coming year.

Development for the Vault Enterprise platform and supporting apps has centred around product refinement and stabilisation since the launch of the Vault 3 Enterprise platform in the 2018 financial year. In particular, enhancements have been made to the end user experience through the interface improvements and streamlining workflows and search capabilities.

The Group continues to monitor technological developments in the wearables and monitoring space to assess how new and emerging technologies can enhance the Vault service offering and ultimately, the performance, productivity and safety of our customer's workers.

Significant changes in the state of affairs

The Group launched its new product, Vault Solo in FY19 which has diversified the Vault product offering and significantly expanded the Group's total addressable market size. The Group also opened a new office in Singapore to cater for the interest and opportunity of the Solo product in the Asia Pacific region.

Cash and cash equivalents as at 30 June 2019 were $2,432,906 (2018: $2,168,782). The company has net assets of $3,521,469 (2018: $3,401,568).

Events since the end of the financial year

The Group successfully conducted an equity capital raise totalling $7.5 million on 25 September 2019. This places the Group in a strong financial position and enables it to continue its growth strategy.

The Group has also announced to the market several material contract signings, which have included recommitments from existing customers and new customers alike. These deals will establish the Group's footprint in both the Singaporean and United States markets.

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.

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 2019, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees Audit		Meetings of committees Remuneration	
	A	B	A	B	A	B
David Moylan	9	9	-	-	-	-
Robert Kirtlan	8	9	2	2	2	2
David Rose	9	9	-	-	-	-
Ross Jenkins	8	9	2	2	2	2
Evonne Collier	5	6	-	-	-	-

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

- Evonne Collier was appointed as a Director on 13 July 2018 and resigned on 20 March 2019.
- Ross Jenkins was appointed as a Director on 13 July 2018 and appointed Chairperson on 21 March 2019.

Board of Directors

Ross Jenkins
Non-Executive Chairperson

Ross was appointed a director of Vault 13 July 2018 and appointed chair on 21 March 2019. Ross has over 30 years in the technology sector in executive roles including CFO/COO of Xero during a pivotal period of growth and eventual success.

Ross is an experienced director in the technology sector, having led a number of high growth technology companies. A pragmatic strategist with a focus on customer experience and smart execution to deliver long term growth and business success.

Ross holds a The Bachelor of Commerce and Administration (BCA) at Victoria University of Wellington and is currently Board Chairperson of The Instillery Group Limited, a successful technology integration company, and chairs the Advisory Board of Earshot, a revolutionary sport earphone company.

Other current ASX listed company directorships
Nil

Former ASX listed company directorships in last 3 years
Nil

Special responsibilities
- Chairperson
- Audit Committee Member
- Chair of the Remuneration Committee

David Moylan
Managing Director

David is the founder and Chief Executive Officer and Managing Director of Vault Intelligence. David has over 25 years' experience as a risk management specialist including senior roles at Shell Exploration in China, Air New Zealand and the Australian Defence Forces.

Prior to these roles, 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.

David holds a Masters in Strategic Management and Bachelor in Social Science 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

David Rose
Executive Director

David was appointed a director on 29 September 2017 and appointed COO/CIO on 30 January 2019. David has over 20 years' experience in the technology sector including senior executive roles at Optus, Suncorp, Watpac and Opteon.

Prior to these roles, David was an Officer in the Australian Army.

David holds a Masters of Science (UNSW), MBA (AGSM), Graduate Certificates in Risk Management and Information Technology Management and is a Member of the Australian Institute of Company Directors.

Other current ASX listed company directorships
Nil

Former ASX listed company directorships in last 3 years
Nil

Special responsibilities
Chief Operating Officer

Rob Kirtlan
Non-Executive Director

Robert has a background in accounting, finance and management involving public and private companies prior to working for major investment banks in Sydney and New York. During this period, he was principally involved in arranging debt and equity globally for major and emerging resource companies.

Since 2001, he has been working and investing in a range of established and emerging resource and technology companies.

Other current ASX listed company directorships
- RMG Ltd - appointed 29 April 2011 and resigned on 30 June 2019
- Currie Rose Resources Inc - appointed 25 October 2015
- Renegade Exploration Limited - appointed 23 May 2017

Former ASX listed company directorships in last 3 years
Nil

Special responsibilities
- Chair of the Audit Committee
- Remuneration Committee Member

Directors Report continued
Remuneration Report

The Directors present the Vault Intelligence Limited 2019 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 expenses for KMP

(f) Additional statutory information

(a) Key Management Personnel (KMP) covered in this report

Non-executive KMP

- Ross Jenkins – Non-executive Chairperson (from 13 July 2018)
- Robert Kirtlan – Non-executive Director
- Evonne Collier – Non-executive Chairperson (from 13 July 2018 and resigned on 20 March 2019)

Executive KMP

- David Moylan – Managing director & CEO
- David Rose – Executive director & COO

(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:

Non-Executive KMP

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 2019). 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.

All Non-executive Directors receive a base fee and incentives in the form of options intended to align the interest of Directors with those of shareholders.

Executive KMP

Executive KMP remuneration is set by the Boards Remuneration Committee and broadly consists of:

- a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Short term incentives paid in cash based on achieving annual targets, both financial and non-financial
- Incentives paid in the form of options which are intended to align the interests of the executives 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 the remuneration committee 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 (2018: 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.

(c) Link between remuneration and performance

(i) Performance Based Remuneration

Performance based remuneration for Non-executive KMP is limited to granting of options.

Executive KMP performance-based remuneration includes short term incentives paid in cash for hitting agreed targets and long-term incentives in the form of 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 all KMP 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 table below sets out summary information about the Group's earnings and movements in shareholder wealth for the three years to 30 June 2019 and will be utilised in the future for performance incentives:

Description	30 June 2019^	30 June 2018	30 June 2017	30 June 2016 Restated
Software and other revenue	$3,567,159	$3,027,255	$2,752,972	$2,721,965
Net (loss) before tax	$(4,111,268)	$(2,723,581)	$(3,435,685)	$(2,494,180)
Net (loss) after tax	$(4,111,268)	$(2,723,581)	$(3,474,457)	$(2,494,180)
Share price at end of year	$0.14	$0.023	$0.029	$0.02
Market capitalisation	$29.3m	$19.8m	$20.2m	$11.3m
Basic (loss) per share	(4.668) cents	(0.340) cents	(0.558) cents	(0.971) cents

^ The Group undertook a 1:10 share consolidation in November 2018.

(iii) Performance conditions linked to remuneration

The Group's remuneration of key management personnel includes performance conditions for the year ended 30 June 2019. These relate predominately to the hurdles set around increasing CARR. Details of the vesting conditions can be found in the Notes to the consolidated financial statements at note 9b.

(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 2019

Key Management Personnel	Position	Cash incentives	Options/Rights	Fixed salary/fees	Total
		%	%	%	%
Mr Ross Jenkins	Non-Executive Chairperson	0%	50%	50%	100%
Mr David Moylan	Managing Director & CEO	0%	3%	97%	100%
Mr Robert Kirtlan	Non-Executive Director	0%	9%	91%	100%
Mr David Rose	Executive Director and COO	0%	3%	97%	100%
Ms Evonne Collier	Non-Executive Director	0%	0%	100%	100%

30 June 2018

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

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

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.

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

(e) Remuneration expenses for KMP's

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

30 June 2019

Key Management Personnel	Salary, Fees and Leave	Pension and Superannuation	Other	Shares/ Options	Total	% of remuneration as shares / options	% performance related
	$	$	$	$	$	%	%
Mr Robert Kirtlan	145,000	-	-	14,093	159,093	9%	9%
Mr David Moylan	288,613	48,919	-	12,289	349,821	3%	3%
Ms Evonne Collier	56,000	-	-	-	56,000	0%	0%
Mr Ross Jenkins	53,410	-	-	53,930	107,341	50%	50%
Mr David Rose	171,605	10,266	-	5,637	187,507	2%	3%
Total KMP remuneration expense	714,628	59,185	-	85,949	859,762	9%	9%
Total Executive Director remuneration	445,218	59,185	-	17,926	522,329	3%	3%
Total Non-Executive Directors remuneration [1]	269,410	-	-	68,023	337,434	20%	20%

(1) Non-executive director fees and options was $226,091, and the balance was paid for consultancy services carried out in addition to their normal director duties.

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	27,046	-	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%

Cash bonuses and performance related bonuses

No bonuses were granted as remuneration to key management personnel during the year ended 30 June 2019 (2018: Nil).

No options issued as remuneration options to key management personnel have been exercised during the 2019 financial year. 500,000 options issued to Ross Jenkins vested immediately on issue during the period (2018: Nil).

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

Directors Report

Remuneration Report continued

(f) Additional statutory information

(i) 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 2018 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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

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 2019	Balance at the start of the year	Granted as remuneration during the year	Other changes during the year[1,2]	Share consolidation 1:10 (4)	Balance at the end of the year
Ordinary shares					
Mr Ross Jenkins (1)	-	-	5,000,000	(4,500,000)	500,000
Mr David Moylan	80,174,839	-	-	(72,157,355)	8,017,484
Mr Robert Kirtlan	8,951,804	-	-	(8,056,623)	895,181
Mr David Rose (2)	915,000	-	50,000	(823,500)	141,500
Ms Evonne Collier (3)	-	-	-	-	-

1 - Mr Jenkins on market share purchases.
2 - Mr Rose on market share purchases.
3 - Ms Evonne Collier resigned as a director on 20 March 2019.
4 - The Group undertook a 1:10 share consolidation in November 2018 and this adjustment is applicable to shares held prior to this consolidation.

Consolidated entity 2018	Balance at the start of the year	Granted as remuneration during the year	Other changes during the year[1,2]	Issued on exercise of options during the year	Balance at the end of the year
Ordinary shares					
Mr David Moylan	80,174,839	-	-	-	80,174,839
Mr Robert Kirtlan	8,951,804	-	-	-	8,951,804
Mr David Rose	-	-	915,000	-	915,000
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.

(iii) Option and rights holdings

The tables below show a reconciliation of options held by each KMP from the beginning to the end of FY 2019.

Consolidated entity 2019	Balance at the start of the year	Granted as compensation	Security Consolidation 1:10 (2)	Lapsed options (3)	Balance at the end of the year	Vested and exercisable	Vested and un-exercisable
Mr Robert Kirtlan	8,000,000	-	(7,200,000)	(300,000)	500,000	-	-
Mr David Moylan	10,000,000	10,000,000	(18,000,000)	(1,000,000)	1,000,000	-	-
Mr Ross Jenkins	-	11,000,000	(9,900,000)	-	1,100,000	500,000	-
Mr David Rose	2,000,000		(1,800,000)	-	200,000	-	-
Ms Evonne Collier (1)	-	4,000,000	(3,600,000)	(400,000)	-	-	-

1 - Ms Collier resigned as director during the financial year and all her options lapsed as a result of her resignation
2 - The Group undertook a 1:10 share consolidation in November 2018.
3 - These options were cancelled by forfeiture due to the failure to meet service conditions or resignation. Refer to note 9(b)(ii) for further information.

Consolidated entity 2018	Balance at the start of the year	Granted as compensation	Exercised	Other changes[1,2]	Balance at the end of the year	Vested and exercisable	Vested and un-exercisable
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[1,2]	5,000,000	-	-	(5,000,000)	-	-	-
Mr Samuel Smart[1]	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 and the balance have been removed from this table due to Mr Innes resigning as a director during the year. Refer to note 9(b)(ii) for further information.

Insurance of officers and indemnities

(i) 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.

(ii) 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.

Directors Report continued

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.

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	
	2019 $	2018 $
Audit and review of financial statements - Australia	**106,000**	75,000
Audit and review of financial statements - New Zealand	**-**	6,915
Other assurance services	**5,000**	-
	111,000	81,915

No fees were paid to PricewaterhouseCoopers for non-audit related services for the year ended 30 June 2019 (2018: Nil).

Corporate Governance

The ASX Corporate Governance Principles and Recommendations (Fourth Edition) and the ASX Listing Rules (ASX LR 4.10.3) permits entities to elect to publish their ASX Corporate Governance Statement and ASX Appendix 4G on its website.

Accordingly, Vault Intelligence Limited's ("the Company") 2019 ASX Corporate Governance Statement does not appear in this Annual Report and can be located on the Company's website (www.vaultintel.com).

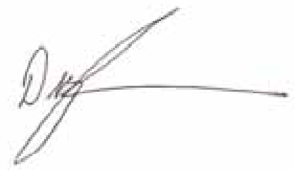
The URL for the 2019 ASX Corporate Governance Statement is: https://investors.vaultintel.com/company/corporate-governance/

The URL for the 2019 ASX Appendix 4G is: https://investors.vaultintel.com/investors/asx-announcements/

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 28.

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



David Moylan
Director

30 September 2019

Auditor's Independence Declaration

As lead auditor for the audit of Vault Intelligence Limited for the year ended 30 June 2019, 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.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
30 September 2019

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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FINANCIAL STATEMENTS

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Financial Statements

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
Level 18
1 Nicholson St
East Melbourne, 3002

The financial statements were authorised for issue by the Directors on 30 September 2019. 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

Financial Statements

Consolidated statement of comprehensive income

for the year ended 30 June 2019

		Consolidated entity	
	Notes	2019 $	2018 $
Software revenue	4	**3,116,631**	2,524,699
Other revenue	4	**450,528**	502,556
Interest received		**31,768**	26,977
Foreign exchange gain		**30,743**	-
Total Revenue and Income		**3,629,670**	3,054,232
Marketing and advertising		**(256,899)**	(182,085)
Occupancy expenses		**(371,382)**	(334,618)
Administrative expenses		**(884,834)**	(483,250)
Employee benefits expense		**(5,561,639)**	(3,679,644)
Depreciation and amortisation		**(833,548)**	(401,654)
Interest expense		**(31,378)**	(31,329)
Bad debts expense		**(8,555)**	(2,791)
Loss on disposal of assets		**-**	(1,552)
Share based payments		**(95,162)**	68,017
Web hosting expense		**(259,554)**	(213,875)
Foreign exchange loss		**-**	(143,293)
Travel expenses		**(297,436)**	(322,817)
Insurance expenses		**(61,363)**	(33,165)
Other		**(368,949)**	(296,558)
Operating loss		**(5,401,029)**	(3,004,382)
Other Income			
Government grants	5(a)	**765,951**	271,657
Net gain/(loss) on disposal of property, plant and equipment	5(a)	**-**	9,144
Loss before income tax		**(4,635,078)**	(2,723,581)
Income tax expense	6	**-**	-
Loss for the year		**(4,635,078)**	(2,723,581)
Other Comprehensive income/(loss) for the year			
Items that may be reclassified to profit and loss			
Foreign currency translation reserve differences		**(125,247)**	63,666
		(125,247)	63,666
Total comprehensive loss for the year		**(4,760,325)**	(2,659,915)
Loss attributable owners of Vault Intelligence Ltd:		**(4,760,325)**	(2,659,915)

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

Consolidated statement of comprehensive income (continued)

for the year ended 30 June 2019

	Consolidated entity	
	2019 Cents	2018 Cents
Loss per share for loss attributable to the ordinary equity holders of the Company (note 11):		
Basic earnings per share (cents)	**(4.668)**	(3.401)*
Diluted earnings per share (cents)	**(4.668)**	(3.401)*

**The 2018 loss per share has been restated to account for the 1:10 share consolidation completed in November 2018 in order to reflect a true comparison. The loss per share in 2018 prior to the 1:10 share consolidation was 0.340 cents.*

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

Consolidated balance sheet

for the year ended 30 June 2019

	Notes	Consolidated entity 2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	**2,432,906**	2,168,782
Trade and other receivables	7(b)	**596,118**	604,030
Current tax receivables		**-**	5,569
Total current assets		**3,029,024**	2,778,381
Non-current assets			
Property, plant and equipment	8(a)	**223,112**	206,177
Intangible assets	8(b)	**2,901,263**	1,894,183
Other non-current assets		**55,108**	35,671
Term and security deposits		**452,018**	437,824
Total non-current assets		**3,631,501**	2,573,855
Total assets		**6,660,525**	5,352,236
LIABILITIES			
Current liabilities			
Trade and other payables	7(c)	**1,083,554**	414,194
Borrowings	7(d)	**66,365**	24,961
Bank overdraft	7(a)(i)	**72,191**	35,661
Employee benefit obligations	8(c)	**265,698**	189,311
Deferred revenue	7(e)	**1,548,765**	1,192,347
Total current liabilities		**3,036,573**	1,856,474
Non-current liabilities			
Borrowings	7(d)	**83,622**	94,194
Employee benefit obligations		**18,861**	-
Total non-current liabilities	8(c)	**102,483**	94,194
Total liabilities		**3,139,056**	1,950,668
Net assets		**3,521,469**	3,401,568
EQUITY			
Share capital	9(a)	**22,686,132**	17,901,068
Other reserves	9(b)	**659,958**	690,043
Accumulated losses		**(19,824,621)**	(15,189,543)
Total equity		**3,521,469**	3,401,568

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 2019

		Attributable to owners of Vault Intelligence Limited				
Consolidated entity	Notes	**Share capital $**	**Option Reserve $**	**Accumulated losses $**	**Foreign currency translation reserve $**	**Total equity $**
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**	**(2,659,912)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	9(a)	4,223,046	-	-	-	4,223,046
Employee share schemes - value of employee services	9(b)	-	34,628	-	-	34,628
Employee share schemes - writeback of expenses recognised on options that failed to vest	9(a)	-	(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**
Balance at 1 July 2018		17,901,068	815,982	(15,189,543)	(125,939)	3,401,568
Loss for the year		-	-	(4,635,078)	-	(4,635,078)
Other comprehensive loss		-	-	-	(125,247)	(125,247)
Total comprehensive loss for the year		**-**	**-**	**(4,635,078)**	**(125,247)**	**(4,760,325)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	9(a)	4,785,064	-	-	-	4,785,064
Employee share schemes - value of employee services	9(b)	-	95,162	-	-	95,162
		4,785,064	95,162	-	-	4,880,226
Balance at 30 June 2019		**22,686,132**	**911,144**	**(19,824,621)**	**(251,186)**	**3,521,469**

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

Consolidated statement of cash flows

for the year ended 30 June 2019

	Notes	Consolidated entity 30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**4,576,987**	3,748,205
Payments to suppliers and employees (inclusive of goods and services tax)		**(8,298,076)**	(6,771,605)
Other income – Government grants (including R&D Tax Offset)		**765,951**	271,657
Interest received		**31,768**	30,001
Interest paid		**(29,223)**	(25,748)
Net cash outflow from operating activities	19	**(2,952,593)**	(2,747,490)
Cash flows from investing activities			
Payments for property, plant and equipment		**(85,798)**	(33,546)
Payments for term and security deposits		**-**	-
Payments for leasehold improvements		**-**	(14,820)
Purchase of intangible assets		**(1,455,167)**	(488,996)
Receipts / (Payments) for other assets		**(19,438)**	(10,671)
Net cash outflow from investing activities		**(1,560,403)**	(548,033)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	9(a)	**5,008,750**	4,499,982
Proceeds from borrowings		**51,119**	-
Repayment of borrowings		**(25,311)**	-
Capital raising costs	9(a)	**(223,686)**	(292,686)
Net cash inflow from financing activities		**4,810,872**	4,207,296
Net increase / (decrease) in cash and cash equivalents		**297,877**	911,773
Cash and cash equivalents at the beginning of the financial year		**2,133,121**	1,270,293
Effects of exchange rate changes on cash and cash equivalents		**(70,283)**	(48,945)
Cash and cash equivalents at the end of the financial year	7(a)(i)	**2,360,715**	2,133,121

The above consolidated balance sheet 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

As the Group completed a successful $7.5 million capital raise on 25 September 2019, 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 accounting policies and methods of computation adopted in the preparation of the annual financial statements are consistent with those adopted and disclosed in the company's annual financial statements for the year ended 30 June 2018, except for the adoption of AASB 9 Financial Instruments on 1 July 2018.

The impact of the adoption of AASB 9 and the new accounting policies are disclosed in Note 3 below.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 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.

The below list of standards and amending standards are not effective for the 2018-19 reporting period. In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on reporting for the Group. The AASB Interpretation in the list below is also not effective for the 2018-19 reporting period and is considered to have insignificant impacts on the Group's reporting.

- **AASB 2017-1** Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- **AASB 2017-4** Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- **AASB 2017-6** Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- **AASB 2017-7** Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- **AASB 2018-1** Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- **AASB 2018-2** Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- **AASB 2018-3** Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- **AASB 2018-6** Amendments to Australian Accounting Standards – Definition of a Business
- **AASB 2018-7** Amendments to Australian Accounting Standards – Definition of Material
- **AASB 17** Insurance Contract

1 Summary of significant accounting policies (continued)

(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 $389,125 (2018: $537,865), see note 12. 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.

1 Summary of significant accounting policies (continued)

(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.

(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.

1 Summary of significant accounting policies (continued)

(d) Income tax (continued)

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.

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.

(ii) Long service leave

Liabilities for long service leave are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date. Interest rates attaching, as at the reporting date, to Commonwealth Government Guaranteed Securities are used to discount the estimated future cash flows to their present value. The liabilities are presented as current and non-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.

1 Summary of significant accounting policies (continued)

(f) Foreign currency translation (continued)

(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 8.

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 8(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.

1 Summary of significant accounting policies (continued)

(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.

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 2019, the carrying amount of this software was $2,901,264 (2018: $1,894,183). 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 8(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

(i) Impact on the financial statements

The Group has assessed the financial impact caused by adoption of the new accounting standard and concluded that restatement of prior comparatives was not necessary.

(ii) AASB 9 Financial Instruments – Changes to Accounting Policies

AASB 9 Financial Instruments replaces the prior standard AASB139 and combines 3 aspects of reporting as it addresses recognition and measurement, impairment, and hedge accounting for financial assets and financial liabilities. The Group has performed a detailed assessment of all three aspects of the new standard based on information currently available.

All financial assets that are within the scope of AASB 9 are required to be measured at either amortised cost or fair value, while financial liabilities measured at fair value through profit and loss will require consideration as to the portion of change in fair value that is attributable to changes in the credit risk of that liability. The Group currently measures financial assets and financial liabilities at fair value through profit and loss, or at amortised cost. There is no change in measurement from prior period.

AASB 9 introduces a requirement to consider expected credit losses and recognise potential losses through a provision for impairment, rather than the current practice of recognition only upon a loss occurring. The Group has considered this obligation, assessed prior period credit losses and determined that the group does not consider a provision for impairment necessary at present. This is on the basis that the Group invoices subscribers to its service prior to commencement of the service.

The potential for loss will require consideration on an ongoing basis, particularly if the Group's subscriber invoicing arrangements change in future.

The requirements for hedge accounting under AASB 9 retain similar accounting treatments to those currently available under AASB 139. The new standard introduces greater flexibility to the types of transactions eligible for hedge accounting while the previous requirement for hedge effectiveness testing has been replaced with the principle of an 'economic relationship' and the requirement for retrospective assessment of hedge effectiveness has been removed.

The Group does not currently have any hedging arrangements and therefore the introduction of AASB 9 does not have any impact on the financial statements in this regard.

4 Revenue and income

Disaggregation of revenue from contracts with customers	Consolidated entity	
	2019 $	2018 $
Timing of revenue recognition		
Over time	**3,116,631**	2,524,699
At a point in time	**450,528**	502,556
Total	**3,567,159**	3,027,255
Type of revenue		
Provision of services	**3,567,159**	3,027,255
Total	**3,567,159**	3,027,255

The Group's policy for revenue recognition is as follows:

(i) Sale of software subscription contracts

The Group sells subscriptions to its cloud based and mobile EHS and lone worker software solutions. Customers make monthly, quarterly, half-annually or annual up-front subscription payments to access the software services, 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 and is recognised over the relevant subscription period on a straight-line basis.

(ii) Consulting, training and data migration services

The Group provides 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.

(iii) Interest income

Interest income represents revenue received or receivable on at-call and short-term deposits invested by Vault Intelligence Limited. It is recognised as the interest accrues to the net carrying amount of the financial assets using the effective interest rate method. At-call and short-term deposits are brought to account at fair value.

5 Other income and expense items

(a) Other income

	Consolidated entity	
	2019 $	2018 $
Net gain on disposal of property, plant and equipment	**-**	9,144
New Zealand trade and enterprise grant	**288,896**	-
Austrade grant	**56,757**	-
Australian R&D tax incentive	**420,298**	271,657
	765,951	280,801

Presentation of government grants

The Group received grants in the 2019 financial year for its software development activities from the Australian R&D Tax Incentive scheme and the NZ R&D loss tax credit scheme. The Group also received a Grant under the Export Market Development Grant program. The Group received the benefits shown above as a result of the applications.

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.

6 Income tax expense

(a) Income tax expense

	Consolidated entity	
	2019 $	2018 $
Current tax		
Current tax on profits for the year	**-**	-
Total current tax expense	**-**	-
Income tax expense	**-**	-

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

	Consolidated entity	
	2019 $	2018 $
Loss before income tax expense	**(4,635,078)**	(2,723,581)
Tax at the Australian tax rate of 27.5% (2018 – 27.5%)*	**(1,274,646)**	(748,985)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax effect of amounts not deductible / (assessable) in calculating taxable income	**(218,216)**	(91,625)
Deferred tax asset not brought to account on tax losses and temporary differences	**1,500,510**	846,841
Subtotal	**7,647**	6,231
Difference in overseas tax rates	**(7,647)**	(6,231)
Adjustments for current tax of prior periods	**-**	-
Income tax expense	**-**	-

**From 1 July 2018, the base company tax rate for Australian companies with aggregated turnover of less than $50m (2018: $25m) was 27.5% (2018: 27.5%). Income tax attributable to the New Zealand Subsidiary has been calculated at the tax rate of 28% (2018: 28%)*

Unrecognised deferred tax assets

	2019 $	2018 $
Temporary differences (net of deferred tax liabilities)	**308,318**	909,150
Tax losses - Australian	**2,535,922**	1,743,587
Capital losses - Australian	**550**	550
Tax losses - Overseas	**942,216**	553,037
Deferred tax assets not brought to account	**3,787,006**	3,206,324

From 1 July 2018, the base company tax rate for Australian companies with aggregated turnover of less than $50m (2018: $25m) was 27.5% (2018: 27.5%). As a result unrecognised deferred tax assets attributable to the Group's Australian entities have been valued at 27.5% (2018: 27.5%).

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

	Consolidated entity	
	2019 $	2018 $
Current assets		
Cash at bank and in hand	**2,432,906**	2,168,782

(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	
	2019 $	2018 $
Balance as above	**2,432,906**	2,168,782
Bank overdraft	**(72,191)**	(35,661)
Balances per consolidated statement of cash flows	**2,360,715**	2,133,121

The total value of available bank overdraft facilities was $334,722 (2018: $319,904) of which $72,191 (2018: $35,661) was drawn.

(b) Trade and other receivables

	Consolidated entity	
	2019 $	2018 $
Trade receivables	**400,912**	456,442
Other receivables	**29,909**	25,185
Prepayments	**165,297**	122,403
	596,118	604,030

(c) Trade and other payables

	Consolidated entity	
	2019 $	2018 $
Current liabilities		
Trade payables	**1,062,578**	398,727
Other payables	**20,976**	15,467
	1,083,554	414,194

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

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

7 Financial assets and financial liabilities (continued)

(d) Borrowings

	Consolidated entity					
	2019 $			2018 $		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Secured						
Lease liabilities	14,935	83,622	98,557	24,117	94,194	118,311
Total secured borrowings	14,935	83,662	98,557	24,117	94,194	118,311
Unsecured						
Other loans	51,429	-	51,429	844	-	844
Total unsecured borrowings	51,429	-	51,429	844	-	844
Total borrowings	66,365	83,662	149,987	24,961	94,194	119,155

Other loans consist of the following:

Item	**2019 $**	2018 $
Insurance funding	**51,119**	-
Financed asset purchase	**310**	844
Total	**51,429**	844

(e) Deferred Revenue

	2019 $	2018 $
Carrying amount at start of year	**1,192,347**	797,502
Value of software subscriptions sold	**3,436,906**	2,963,469
Amounts credited to software revenue during year	**(3,116,631)**	(2,545,030)
Foreign exchange movement	**37,144**	(23,594)
Total	**1,548,765**	1,192,347

Included within amounts credited to software revenue during the year is $1,192,347 (2018: $797,502) that was included in the contract liability balance at the beginning of the period. Management expects that all (2018: all) of the closing deferred revenue balances will be recognised as revenue during the next reporting period.

8 Non-financial assets and liabilities

(a) Property, plant and equipment

Consolidated entity Non-Current	**Machinery and vehicles $**	**Computer Equipment $**	**Furniture, fittings and equipment $**	**Leasehold improvements $**	**Total $**
At 1 July 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**
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 or fair value	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**
Consolidated entity					
Year ended 30 June 2019					
Opening net book amount	99,345	41,722	47,533	17,577	206,177
Additions	-	85,349	431	-	85,780
Disposals	-	-	-	-	-
Depreciation charge	(30,585)	(36,542)	(5,785)	(1,726)	(74,638)
Exchange differences	4,003	1,404	246	140	5,793
Closing net book amount	**72,763**	**91,933**	**42,425**	**15,991**	**223,112**
At 30 June 2019					
Cost or fair value	106,612	178,771	67,001	18,831	371,215
Accumulated depreciation and impairment	(33,849)	(86,838)	(24,576)	(2,840)	(148,103)
Net book amount	**72,763**	**91,933**	**42,425**	**15,991**	**223,112**

(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 years
- Leasehold improvements 10 years

See note 1(h) for the other accounting policies relevant to property, plant and equipment.

8 Non-financial assets and liabilities (continued)

(b) Intangible assets

Consolidated entity Non-Current assets	Vault Enterprise Platform $	Vault Enterprise Upgrades $	Vault Apps $	Vault Solo $	Other $	Total $
At 1 July 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**
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**
Year ended 30 June 2019						
Opening net book amount	777,703	687,825	164,200	231,797	32,658	1,894,183
Additions - purchases	-	539,949	-	39,609	2,153	581,711
Additions - internal development	-	94,637	149,386	921,625	-	1,165,648
Exchange differences	-	11,107	375	7,102	90	18,674
Amortisation charge	(305,780)	(199,980)	(82,113)	(161,713)	-	(749,586)
Depreciation charge	-	-	-	-	(9,367)	(9,367)
Closing net book amount	**471,923**	**1,133,538**	**231,848**	**1,038,420**	**25,534**	**2,901,263**
At 30 June 2019						
Cost	2,120,912	1,390,618	313,961	1,200,133	53,562	5,079,186
Accumulated amortisation and impairment	(1,648,989)	(257,080)	(82,113)	(161,713)	(28,028)	(2,177,923)
Net book amount	**471,923**	**1,133,538**	**231,848**	**1,038,420**	**25,534**	**2,901,263**

8 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

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					
	2019 $			2018 $		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Leave obligations (i)	**231,252**	**-**	**231,252**	189,311	-	189,311
Provision for long service leave (ii)	**34,446**	**18,861**	**53,307**	-	-	-

(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 $231,252 (2018 - $189,311) 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.

(ii) Provision for long service leave

The provision covers the Group's liability for long service leave.

The liabilities that are currently entitled to be paid to employees are required to be shown as current as the entity does not have a legal right to defer settlement beyond twelve months.

9 Equity

(a) Share capital

	2019 $	**2019 Shares**	2018 $	2018 Shares
Ordinary shares				
Opening balance	**17,901,068**	**862,152,727**	13,678,022	695,486,060
Public offer share issue	**-**	**-**	4,499,982	166,666,667
Share issue	**5,000,000**	**166,666,667**	-	-
Costs of issue	**(223,686)**	**-**	(276,936)	-
Exercise of options	**8,750**	**350,000**	-	-
1:10 share consolidation	**-**	**(926,252,370)**	-	-
Closing balance	**22,686,132**	**102,917,024**	17,901,068	862,152,727

9 Equity (continued)

(a) Share capital (continued)

The Group announced in September 2018 that it had received firm commitments to raise additional capital from institutional and sophisticated investors to subscribe for 166,666,667 shares at $0.03 per share. This placement was undertaken over two tranches to comply with ASX listing rules and was completed in October 2018.

The Group received shareholder approval at its November 2018 Annual General Meeting to consolidate the share capital of the company on a 1:10 basis. The consolidation was completed in late November 2018.

(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	
	2019 $	2018 $
Foreign currency translation reserve	**(251,186)**	(125,939)
Option reserve	**911,144**	815,982
	659,958	690,043

(ii) Option Reserve

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.

	2019 $	2018 $
Opening balance	**815,982**	883,998
Officers Issue (i)	**-**	-
KPI Options (ii)	**-**	(9,701)
Broker Options (iii)	**-**	-
Management Options	**-**	(32,339)
Director Options (iv)	**66,220**	(7,818)
Director Options (iv)	**10,575**	5,563
Director Options (iv)	**9,154**	4,816
Employee Options (vi)	**9,213**	(28,537)
Closing balance	**911,144**	815,982

9 Equity (continued)

(b) Other reserves (continued)

(ii) Option Reserve (continued)

2019	Balance at beginning of period	Options granted	Options converted	Options lapsed	Other Changes(1)	Balance at end of the period
Officers Issue (i)	2,300,000	-	-	(230,000)	(2,070,000)	-
KPI Options (ii)	16,500,000	-	-	(1,650,000)	(14,850,000)	-
Broker Options (iii)	25,000,000	-	(350,000)	(2,465,000)	(22,185,000)	-
Management Options	11,000,000	-	-	-	(9,900,000)	1,100,000
Director Options	3,500,000	-	-	-	(3,150,000)	350,000
Director Options	3,500,000	-	-	-	(3,150,000)	350,000
Director Options (iv)	-	11,000,000	-	-	(9,900,000)	1,100,000
Director Options (iv) (v)	-	7,000,000	-	(200,000)	(6,300,000)	500,000
Director Options (iv) (v)	-	7,000,000	-	(200,000)	(6,300,000)	500,000
Employee Options (vi)	-	500,000	-	-	-	500,000
Employee Options (vi)		500,000	-	-	-	500,000
	61,800,000	**26,000,000**	**(350,000)**	**(4,745,000)**	**(77,805,000)**	**4,900,000**

(1) Vault conducted a 1:10 share consolidation in November 2018. The reduction of options in 2019 options number are as a result of the consolidation.

(i) The Officer's Issue expired unexercised on 21 June 2019.

(ii) The KPI Options expired unexercised on 21 June 2019.

(iii) The Broker Options had a pre-consolidation 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 a pre-consolidation issue price of $0.0001 each on 22 June 2016. 350,000 options were exercised on 12 October 2018, prior to the share consolidation. All remaining Broker Options expired unexercised.

(iv) 2,500,000 Director options were issued on 23 November 2018 pursuant to shareholder approval received at the Group's 2018 AGM in November 2018. The terms of the options issues are shown below:

Recipient	Quantity	Exercise Price	Expiry	Vesting Conditions
Evonne Collier	200,000	$0.50	23 Nov 2021	$4m annual recurring revenue
Evonne Collier	200,000	$0.60	23 Nov 2021	$5m annual recurring revenue
David Moylan	500,000	$0.50	23 Nov 2021	$8m annual recurring revenue
David Moylan	500,000	$0.60	23 Nov 2021	$12m annual recurring revenue
Ross Jenkins	200,000	$0.30	23 Nov 2021	$4m annual recurring revenue
Ross Jenkins	400,000	$0.30	23 Nov 2021	$5m annual recurring revenue
Ross Jenkins	500,000	$0.30	23 Nov 2021	Vested immediately

(v) Options granted to Evonne Collier lapsed as a result of resignation.

(vi) Employee options issued on 31 December 2018 pursuant to the Employee Incentive Scheme were issued in 2 tranches, both with a 31 August 2020 expiry as follows:

- *500,000 options with a $0.40 exercise price, subject to the Group achieving $4m in annual recurring revenue*
- *500,000 options with a $0.60 exercise price, subject to the Group achieving $6m in annual recurring revenue*

9 Equity (continued)

(b) Other reserves (continued)

(ii) Option Reserve (continued)

2018	Balance at beginning of period	Options granted	Options converted	Options lapsed	Other Changes	Balance at end of the period
Officers Issue	2,300,000	-	-	-	-	2,300,000
KPI Options (i)	20,000,000	-	-	(3,500,000)	-	16,500,000
Broker Options	25,000,000	-	-	-	-	25,000,000
Management Options (ii)	12,000,000	-	-	(1,000,000)	-	11,000,000
Management Options (iii)	2,000,000	-	-	(2,000,000)	-	-
Management Options (iv)	1,000,000	-	-	(1,000,000)	-	-
Director Options (v)	-	3,500,000	-	-	-	3,500,000
Director Options (vi)	-	3,500,000	-	-	-	3,500,000
	62,300,000	**7,000,000**	**-**	**(7,500,000)**	**-**	**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 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.

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

(iii) 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.

(iv) 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.

(v) Director options issued pursuant to shareholder approval on 20 December 2018. 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).

(vi) Director options issued pursuant to shareholder approval on 20 December 2018. 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.

9 Equity (continued)

(b) Other reserves (continued)

(iii) Foreign Currency Translation Reserve

	Consolidated entity	
	2019 $	2018 $
Opening balance	**(125,939)**	(189,605)
Movements on translation of foreign subsidiary operations during and at period end	**(125,247)**	63,666
Closing balance	**(251,186)**	(125,939)

10 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.

11 Loss per share

(a) Basic loss per share

	Consolidated entity	
	2019 $	2018 $
Loss used to calculate basic EPS	**(4,635,078)**	(2,723,581)

(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 4,900,000 (2018: 61,800,000) 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	
	2019 $	2018 $
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**99,285,624***	800,832,323

** The reduction of the 2019 figure is as a result of the 1:10 share consolidation completed in November 2018. If the 1:10 share consolidation had occurred in the 2018 year, the corresponding weighted average number of ordinary shares in 2018 would have been 80,083,232.*

12 Commitments

(a) Operating lease commitments

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

	Consolidated entity	
	2019 $	2018 $
Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Within one year	**250,590**	260,396
Later than one year but not later than five years	**138,535**	277,469
	389,125	537,865

13 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).

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 2019 was $3,960,815 (2018: $2,549,118). Over the period funds have been transferred, the NZD has fluctuated between 6.28% to -1.87% above and below the closing AUD/NZD FX spot rate at 30 June 2018. The NZD has fluctuated between 3.61% to -4.34% (2018: 1% to 4%) above and below the average rate for the period. A movement of 4.5% in the AUD/NZD rate would translate to a movement of AUD$161,000 to profit and loss (+ and/or -) on the closing value of the NZD denominated intercompany loans.

13 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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 0.2% during the whole of the respective periods would have led to an increase/(decrease) in both equity and losses of less than $3,600. 0.2% was thought to be appropriate because it represents two 0.10 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% (2018: 0.4% 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 7(a)). Trade and other payables are due within 3 months.

(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.

13 Financial risk management (continued)

(c) Liquidity risk (continued)

Contractual maturities of financial liabilities	Within 1 Year $	1 to 5 Years $	Total contractual cash flows $
At 30 June 2019			
Non-derivatives			
Trade payables and other payables	**1,083,554**	**-**	**1,083,554**
Bank overdraft	**72,191**	**-**	**72,191**
Other unsecured loans	**51,429**	**-**	**51,429**
Finance lease liabilities	**14,935**	**83,622**	**98,557**
Total non-derivatives	**1,222,110**	**83,622**	**1,305,732**
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

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.

14 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 3 jurisdictions, being Australia, New Zealand and China. During 2018 a new wholly owned subsidiary entity Vault Software Technology (Shanghai) Limited was established to provide services and software into the Chinese market. Software revenue and other operating income for the Group in each jurisdiction was as follows:

	Australia $	China $	New Zealand $	Total $
2019 operating segments				
Software revenue (i)	925,678	1,723	2,189,230	**3,116,631**
Other revenue (ii)	146,588	-	303,940	**450,528**
Total	1,072,267	1,723	2,493,170	**3,567,159**
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**

(i) All software revenue is recognised over the life of the subscribers service period.

(ii) Other revenue is recognised at a point in time.

15 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	
	2019 $	2018 $
Audit and review of financial statements - Australia	**111,000**	75,000
Audit and review of financial statements – New Zealand	**-**	6,915
Total remuneration of PricewaterhouseCoopers	**111,000**	81,915

16 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2019 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	
		2019 %	2018 %
Vault Intelligence Limited	Australia	**-**	-
Subsidiaries of legal parent entity:			
NGB Industries Pty Ltd	Australia	**100**	100
Vault Software Technology (Shanghai) Limited	China	**100**	100
Vault IQ SG PTE LTD	Singapore	**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

17 Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets as at 30 June 2019 (2018: Nil).

18 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 2019.

	Consolidated entity	
	2019 $	2018 $
Short-term employee benefits	**714,628**	445,698
Post-employment benefits (retirement benefits)	**59,185**	27,046
Share-based payments	**85,949**	34,628
	859,762	507,372

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 2019 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.

Except for the above, there have been no other transactions with other related parties for the year ended 30 June 2019.

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.

(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	2019	2018
			Number outstanding	Number outstanding
22 June 2016	22 June 2019	$0.40	-	13,000,000
20 December 2017	20 December 2020	$0.50	350,000	3,500,000
20 December 2017	20 December 2017	$0.60	350,000	3,500,000
23 November 2018	23 November 2021	$0.50	500,000	-
23 November 2018	23 November 2021	$0.60	500,000	-
23 November 2018	23 November 2021	$0.30	1,100,000	-
Total			**2,800,000**	**20,000,000**

19 Cash flow information

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

	Consolidated entity	
	2019 $	2018 $
Loss for the year	**(4,635,078)**	(2,723,581)
Adjustment for		
Depreciation and amortisation	**833,548**	401,654
Share-based payments	**95,162**	(68,017)
Net loss on sale of non-current assets	**-**	1,552
Net exchange differences	**(351,212)**	154,331
Bad debts expense	**8,555**	2,791
Capitalised software development costs	**-**	(614,775)
Other non-cash items	**(38,076)**	-
Change in operating assets and liabilities:		
(Increase) / decrease in trade debtors	**7,912**	(280,757)
Increase / (decrease) in trade creditors	**669,361**	(14,225)
Increase / (decrease) in income taxes payable	**5,569**	(3,579)
Increase / (decrease) in employee provisions	**95,248**	2,271
Increase / (decrease) in deferred income	**356,418**	394,845
Net cash outflow from operating activities	**(2,952,593)**	(2,747,490)

20 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 option	Share options 30 June 2019	Share options 30 June 2018
22 Jun 2016	22 Jun 2019	0.40*	1.68%	$0.20*	100%	$0.097*	-	18,800,000
22 Jun 2016	22 Jun 2019	0.30*	1.68%	$0.20*	100%	$0.159*	-	25,000,000
5 Aug 2016	5 Aug 2019	0.40*	1.45%	$0.41*	100%	$0.323*	1,100,000	11,000,000
20 Dec 2017	20 Dec 2020	0.50*	2.12%	$0.21*	70%	$0.090*	350,000	3,500,000
20 Dec 2017	20 Dec 2020	0.60*	2.12%	$0.21*	70%	$0.080*	350,000	3,500,000
23 Nov 2018	23 Nov 2021	0.50	2.11%	$0.20	85%	$0.065	500,000	-
23 Nov 2018	23 Nov 2021	0.60	2.11%	$0.20	85%	$0.058	500,000	-
23 Nov 2018	23 Nov 2021	0.30	2.11%	$0.20	85%	$0.087	1,100,000	-
31 Dec 2018	31 Aug 2020	0.40	1.89%	$0.18	85%	$0.038	500,000	-
31 Dec 2018	31 Aug 2020	0.60	1.89%	$0.18	85%	$0.024	500,000	-
Total							**4,900,000**	**61,800,000**

** The pre-consolidation options have had their exercise price, share price and value per option restated to correctly disclose the share consolidated prices and options.*

20 Share-based payments (continued)

(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 2019 and 30 June 2018 can be found in Note 9(b)(ii).

	Consolidated entity	
	Year 2019	Year 2018
Weighted average remaining contractual life of options outstanding at end of period	1.50	1.17

21 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:

	2019 $	2018 $
Balance sheet		
Current assets	**1,911,970**	2,090,188
Non-current assets	**95,685**	54,017
Current liabilities	**(71,462)**	(24,542)
Net Assets	**1,936,193**	2,119,663
Shareholders' equity		
Issued capital	**28,321,228**	23,536,164
Reserves		
FX translation reserve	**23,346**	23,346
Share-based payments reserve	**911,144**	854,982
Accumulated losses	**(27,319,525)**	(22,294,829)
Total Equity	**1,936,193**	2,119,663
Profit or loss for the year	**(507,383)**	(168,869)

(b) Contingent liabilities of the parententity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

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

The parent entity did not have any contractual commitments as at 30 June 2019 or 30 June 2018 other than to fund the commitments of its subsidiaries that are disclosed in note 12.

21 Parent entity financial information (continued)

(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.

22 Events occurring after the reporting period

The Group successfully conducted an equity capital raise totalling $7.5 million on 25 September 2019.

The Group has also announced to the market several material contract signings, which have included recommitments from existing customers and new customers alike. These deals will establish the Group's footprint in both the Singaporean and United States markets.

Directors' Declaration

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 29 to 64 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

David Moylan
Managing Director & CEO

30 September 2019

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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 2019 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 2019
- 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.

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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
• For the purpose of our audit we used overall Group materiality of $75,000, 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 predominately in Australia and New Zealand, and audit procedures were predominately performed by PwC Australia.

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. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to note 1(c)* 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 • 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 and complex because the timing of recognition is 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 from a sample of customer contracts and the determination, for each obligation, of revenue recognition at either a point in time or over time against the requirements of Australian Accounting Standards. • 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. • Evaluated the adequacy of the disclosures made in note 1(c) and 4 in light of the requirements of Australian Accounting Standards.
Useful lives of intangible assets *Refer to note 8(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 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.	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 develop an understanding of the anticipated timing of development of new platforms and the Group's historical pattern of migrating customers from existing to newly released products.

Key audit matter	*How our audit addressed the key audit matter*
This was a key audit matter because: • intangible assets are the largest non-financial asset on the Group's consolidated balance sheet • judgement is required by the Group in assessing the remaining useful lives of the assets • the potential impact of the amortisation expense on the Group's loss is significant.	• Performed recalculations of the amortisation expense for these intangible assets to assess whether the Group's stated amortisation rates had been applied

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 2019, 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 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 on the other information that we obtained prior to the date of this auditor's report, 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 11 to 16 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Vault Intelligence Limited for the year ended 30 June 2019 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

Brad Peake

Partner
Brad Peake

30 September 2019
Melbourne

Shareholder Information

The Shareholder information set out below was applicable as at 23 August 2019.

A. Distribution of equity securities

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

Range	Securities	%	No of Holders	%
100,000 and Over	88,675,317	86.16	131	14.12
10,001 to 100,000	12,605,743	12.25	324	34.91
5,001 to 10,000	961,388	0.93	113	12.18
1,001 to 5,000	595,909	0.58	200	21.55
1 to 1,000	78,667	0.08	160	17.24
Total	102,917,024	100.00	928	100.00
Unmarketable Parcels	131,491	0.13	196	21.12

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	% of number held issued shares
Merrill Lynch (Australia) Nominees Pty Ltd	11,196,266	10.88
Mr David Moylan	8,017,484	7.79
Citicorp Nominees Pty Ltd	6,368,357	6.19
Bluespire Capital Pty Ltd	4,401,248	4.28
Ginga Pty Ltd	3,500,000	3.40
HSBC Custody Nominees (Australia) Ltd	2,952,260	2.87
Morgan Stanley Australia Securities (Nominee) Pty Ltd	2,499,192	2.43
New Frugalitas Fund Ltd	2,071,702	2.01
Mr Thomas Ensmann	2,036,327	1.98
Mr Jan Michael Geesink	2,000,000	1.94
Mr Wayne Andrew Ackers	1,926,243	1.87
JBWere (NZ) Nominees Ltd	1,902,836	1.85
Mr Grant Michael Roberts	1,900,000	1.85
Mrs Patricia Moylan	1,717,720	1.67
Wilford Investment Trust Limited	1,667,720	1.62
Mr David Kelly & Kylie Little	1,035,851	1.01
Mr Andrew Lucena	1,035,851	1.01
Mr Craig Meaclem	1,005,966	0.98
Kanji Group Pty Ltd	888,889	0.86
Mrs Serng Yee Liew	875,000	0.85
Total	**58,998,912**	**57.33**
Balance of register	43,918,112	42.67
Grand total	**102,917,024**	**100.00**

Unquoted equity securities

B. Equity security holders (continued)

No. of Options	Exercise Price	Vesting Condition	No. of Holders	Holders > 20%
350,000	$0.50	Company achieving $4 million of annual recurring revenue - Exp 20/12/20	2	Ark Securities & Investments Pty Ltd - 71%; R4 Investments Pty Ltd -29%
350,000	$0.60	Company achieving $6 million of annual recurring revenue - Exp 20/12/20	2	Ark Securities & Investments Pty Ltd - 71%; R4 Investments Pty Ltd -29%
500,000	$0.30	None – Vested Immediately – Exp 23/11/2021	1	Ross Jenkins
500,000	$0.50	Company achieving $8m ARR – Exp 23/11/2021	1	David Moylan
500,000	$0.60	Company achieving $12m ARR – Exp 23/11/2021	1	David Moylan
200,000	$0.30	Company achieving $4m ARR – Exp 23/11/2021	1	Ross Jenkins
400,000	$0.30	Company achieving $5m ARR – Exp 23/11/2021	1	Ross Jenkins
500,000	$0.40	Company achieving $4m ARR – Exp 31/08/2020	1	Verdon Kelliher
500,000	$0.60	Company achieving $6m ARR – Exp 31/08/2020	1	Verdon Kelliher
3,480,000	$0.30	40% vesting on Company achieving $9m CARR; 30% vesting on Company achieving $12.6m CARR; 30% vesting on Company achieving $16.38m CARR; – Exp 31/07/2023	43	-

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	%
Merrill Lynch (Australia) Nominees Pty Ltd	11,196,299	10.88
Mr David Moylan	8,017,484	7.79
Citicorp Nominees Pty Ltd	6,368,357	6.19

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.

Corporate Directory

Directors

David Moylan
Ross Jenkins
Robert Kirtlan
David Rose

Secretary

Graeme Smith

Principal registered office in Australia

Level 18
1 Nicholson Street
East Melbourne VIC 3002
email: info@vaultintel.com

Share register

Link Market Services Limited
QV1 Building, Level 12
250 St Georges Terrace Perth WA 6000
(08) 9211 6670

Auditor

PricewaterhouseCoopers
Riverside Quay
Southbank VIC 3006

Solicitors

HWL Ebsworth
Level 26, 530 Collins Street
Melbourne VIC 3000

Bankers

Westpac Banking Corporation
1 King Street
Concord West NSW 2138

Stock exchange listings

ASX: VLT

Website

www.vaultintel.com

VAULT