

Appendix 4D

Half Year Financial Report

Name of entity	VAULT INTELLIGENCE LIMITED
ABN	15 145 040 857
Reporting period	Half Year ended 31 December 2016
Previous corresponding period	Half Year ended 31 December 2015

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			31 December 2016	31 December 2015
Revenue from ordinary activities	Down	-3%	1,308,6450	1,345,403
(Loss) from ordinary activities after income tax attributable to members	Up	2,521%	(1,555,260)	(59,333)
Total comprehensive (loss) attributable to members	Up	5,804%	(1,592,647)	(26,977)
<i>The company does not have a dividend policy.</i>				

NTA Backing	31 December 2016	31 December 2015
Net tangible asset/(liability) backing per ordinary share	0.112 cents	(0.816) cents

BRIEF EXPLANATION OF THE ABOVE FIGURES

On 22 June 2016 Vault Intelligence Limited (formerly Credo Resources Limited) completed the acquisition of NGB Industries Ltd and its subsidiaries ("NGBI Group"). Under the Australian Accounting Standards NGBI was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which NGBI acquires the net assets and listing status of Vault Intelligence Limited (formerly Credo Resources Limited). This report relates to the period ended 31 December 2016 for the newly consolidated entity. Comparatives are for the period ended 31 December 2015 are those of NGB Industries Pty Limited (restated for the adoption of AASB 15 : *Revenue from contracts with customers*).

The principal activity of the Company is the provision of cloud based and mobile EHS software. The loss for HY17 is consistent with an early growth stage company which is sourcing new markets and growing its business and is consistent with the groups budget and forecasting. The increase in the loss for the period is attributable to the increase in costs of expansion combined with the enterprise sales cycle for new sales which are anticipated to impact the revenue line over the next two quarters. The increased costs are constituted by:

- The Company expanding its operations into Australia and building a sales, marketing and development team resulting in an increase in employment costs of 2.5 times the comparative period for NGBI;
- Significant increase in spend on research and development resulting in an improved product line and range;
- Administration costs increasing 1.75 times over the NGBI levels as a result of increased level of operations and costs associated with becoming a listed entity.

Further, the group has adopted AASB 15 as issued in December 2014, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group has applied the full retrospective approach to adopting the new standard. Refer to the financial statements attached for the impact of the adoption of AASB 15.

Details of Controlled Entities

There were no entities gained or lost during the period.

Associates / Joint Venture Entities

Not applicable. Vault Intelligence Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2016.

Dividends

No dividends have been declared for the half-year ended 31 December 2016 or for the previous corresponding period.

Accounting Standards

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

Review Conclusion

This report is based on the financial statements for the half-year ended 31 December 2016. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification by the auditor.

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David Moylan
Managing Director
Date: 28 February 2017



VAULT INTELLIGENCE LIMITED

ABN 15 145 040 857

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

VAULT INTELLIGENCE LTD

CORPORATE DIRECTORY

DIRECTORS

Mr. Robert Kirtlan
Mr. Trent Innes
Mr. Sam Smart
Mr David Moylan

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SECRETARY

Mr. Lloyd Flint

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Directors' Report

Your directors present their report, together with the interim financial statements of the Group, being the company and its controlled entities, for the half year ended 31 December 2016.

DIRECTORS

The names of the directors in office during the period and up to the date of this report are:

Names	Position
Robert Kirtlan	Non-Executive Director
Trent Innes	Non-Executive Director
Sam Smart	Non-Executive Director
David Moylan	Managing Director

REVIEW OF OPERATIONS

Operations

Since listing on the ASX effective 1 July 2016 and for the period to 31 December 2016, Vault Intelligence Limited (Vault) has achieved :

- i. Revenue for the period of \$1,308,645 (2015 - \$1,345,403);
- ii. Incurred expenditure for the period of \$2,824,878 (2015 - \$1,357,949);
- iii. A net loss before tax for the period of \$1,516,233 (2015 – (\$12,546)); and

The period saw Vault continuing to develop a robust pipeline of potential recurring business through a sales cycle that typically takes between three and six months. The company is already showing a marked improvement in its pipeline of sales and number of people covered by Vault products. The company's net cash balance at 31 December 2016 was \$1.55 million. The company increased its spend on R&D and marketing to facilitate software development and the support of the sales teams.

The Partner Program (Vault product resellers) that Vault launched during the quarter has started to bear fruit. The company has already signed up 15 new occupational health and safety (OH&S) consultant partners through this program, each of which consult to, on average, 30 companies. As these partners start to sell Vault's comprehensive, cloud-based software system to their own clients, the company expects to accelerate its penetration of the fragmented risk and compliance software market. Sales of the company's mobile solution apps continued to escalate during the quarter, with the Vault Audit, Alert and Inspect app user base having grown beyond 9,000 users. As at December 2016, Vault's software enabled risk management for more than 900,000 employees in 8 countries.

Australia and New Zealand

Vault's Australian business continued to develop in line with expectations during the quarter. Vault's Australian sales team is now established and is set to convert a fast-growing pipeline of potential clients in the current quarter. The company is increasingly active in being invited to tender for opportunities across the Australian public and private sectors, reflecting the recent uplift in Vault's marketing efforts and profile in Australia. The company is conducting proof of concept (POC) trials with several potential customers including government entities and private enterprise.

The company's transition to a SaaS (software as a service) model from a capex model, affected New Zealand's (NZ) contribution to revenue growth booked in the December quarter. Vault has remained extremely active in the tender space across a variety of sectors in NZ.

Asia

During the half year, Vault secured a strategic partnership with China-based risk specialist Beckwell EHS Consulting. The partnership is structured such that Beckwell will market and promote the Vault range of risk software products to its broad base of more than 3,000 clients, including state owned enterprises. Beckwell is a government mandated EHS provider.

In support of this significant growth opportunity, Vault is regionalising its suite of localised apps for the Chinese market. The company expects to implement the local language files and a rollout of its software to confirmed proof of concept

(POC) customers in the first half of this year. The customers include a major construction firm and a state owned enterprise (SOE's). The Chinese Government has mandated that SOEs and private enterprise move to software-based environmental health and safety solutions to meet their EHS compliance requirements.

Technology and corporate development

The company has completed integration with a learning management system provider. This will facilitate the provision of online training and inductions through Vault software, and is already driving new sales opportunities. To open up access to certain product features, Vault has made applications available for high usage areas of its software, including people and event modules. A dedicated team within Vault is continuing to enhance the capability of its applications, which should accelerate implementation and enable self-service for enterprise and SME clients.

Corporate

15,000,000 options with vesting conditions were issued under the Employee Incentive Scheme to officers of the company as follows:

No. of Options	Exercise Price	Vesting Condition
12,000,000	\$0.04	company achieving audited revenue of \$4 million in a financial year
2,000,000	\$0.06	company achieving audited revenue of \$6 million in a financial year
1,000,000	\$0.10	company achieving audited revenue of \$10 million in a financial year

75,000,000 Contingent Share Rights converted to 75,000,000 fully paid ordinary shares in the share capital of the company. Pursuant to an audit undertaken by the company's previous auditors (Crowe Horwath) in accordance with the Share Purchase Agreement dated 15 February 2016 confirming that the company had achieved Recurring Revenue of at least \$1,400,000 (excluding GST) during the financial year ended 30 June 2016 (Performance Milestone), the Contingent Share Rights converted.

For this purpose, Recurring Revenue comprises all monthly, quarterly or annual license or other fees paid or payable for the use of the Company's software solutions whether invoiced monthly, quarterly, annually or on any other periodic basis. In FY2017, the Group elected to adopt a new accounting policy for revenue. Refer to note 1 B) for details of the new policy.

13,000,000 options with an exercise price of \$0.25c each expired on 6 December 2016. No notices of conversion were received on or before 6 December 2016

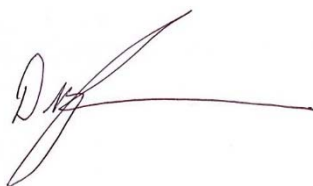
Matters subsequent to Half Year period end

There have been no other material items, transactions or events subsequent to 31 December 2016 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

Auditor's Independence Declaration

The auditor's independence declaration for the period ended 31 December 2016 has been received and can be found on page 6 of the financial report.

This Directors Report is signed in accordance with a resolution of the Board of Directors.



David Moylan
Managing Director
Perth
Dated 27 February 2017



Auditor's Independence Declaration

As lead auditor for the review of Vault Intelligence Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to be 'P. Dreyer', written over a light blue horizontal line.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
27 February 2017

VAULT INTELLIGENCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Half year ended 31 December	
		2016	2015
		2016	Restated*
		\$	\$
Note			
	Software revenue	1,090,735	813,194
	Other revenue	202,235	532,144
	Interest received	15,675	65
	Total revenue	1,308,645	1,345,403
	Expenses		
	Marketing expenses	(184,120)	(103,434)
	Administration expense	(293,982)	(90,465)
	Employee benefit expense	(1,298,663)	(472,332)
	Depreciation and amortisation	(172,163)	(144,231)
	Bad debts expense	(17,335)	-
	Interest expense	(31,133)	(47,342)
	Loss on disposal of assets	(274)	-
	Share based payments	(277,624)	-
	Occupancy expenses	(88,283)	(33,882)
	Other expenses	(243,132)	(329,998)
	Travel expenses	(127,416)	(81,420)
	Web hosting expenses	(90,165)	(54,045)
	Foreign exchange loss	(588)	(800)
	Total Expenses	(2,824,878)	(1,357,949)
	Loss before income taxes	(1,516,233)	(12,546)
	Income tax expense	(39,027)	(46,787)
	Net loss for the half year	(1,555,260)	(59,333)
	Other comprehensive (expense)/income for the half year		
	<i>Items that may be reclassified to profit and loss</i>		
	Foreign currency translation differences	(37,387)	32,356
	Other comprehensive (expense)/income for the half year	(37,387)	32,356
	Total comprehensive loss for the half year	(1,592,647)	(26,977)
	Total comprehensive loss attributable to members of the parent entity	(1,592,647)	(26,977)
	Loss per share		
	Basic and diluted loss per share (cents)	(0.265)	(0.024)
	* See note 1B for details regarding the change in accounting policy		

These financial statements should be read in conjunction with the accompanying notes

VAULT INTELLIGENCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

		31 December 2016 \$	30 June 2016 Restated* \$
	Note		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,762,953	4,170,331
Trade and other receivables		194,807	444,034
Stock on hand		6,241	41,409
TOTAL CURRENT ASSETS		1,964,001	4,655,774
NON-CURRENT ASSETS			
Intangible assets		1,269,326	1,346,101
Plant and equipment		127,039	80,750
TOTAL NON-CURRENT ASSETS		1,396,365	1,426,851
TOTAL ASSETS		3,360,366	6,082,625
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		261,413	744,302
Bank overdraft		215,026	267,760
Borrowings		78,557	678,144
Taxes payable		39,027	111,691
Employee entitlements		163,678	124,817
Deferred revenue		677,423	801,254
Other		-	64,480
TOTAL CURRENT LIABILITIES		1,435,124	2,792,448
NON-CURRENT LIABILITIES			
Borrowings		-	38,123
TOTAL NON-CURRENT LIABILITIES		-	38,123
TOTAL LIABILITIES		1,435,124	2,830,571
NET ASSETS		1,925,242	3,252,054
EQUITY			
Contributed Equity	2	12,152,457	12,164,245
Reserves	3	319,550	79,314
Accumulated losses		(10,546,765)	(8,991,505)
TOTAL EQUITY		1,925,242	3,252,054

* See note 1B for details regarding the change in accounting policy

These financial statements should be read in conjunction with the accompanying notes

VAULT INTELLIGENCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2016

	CONTRIBUTED EQUITY \$	OPTION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2016	12,164,245	289,826	(210,512)	(8,991,505)	3,252,054
Loss for the half year	-	-	-	(1,555,260)	(1,555,260)
Other comprehensive loss	-	-	(37,387)	-	(37,387)
Total comprehensive loss for the half year	-	-	(37,387)	(1,555,260)	(1,592,647)
Transactions with members in their capacity as owners:					
Issue of options	-	277,623	-	-	277,623
Capital raising costs	(11,788)	-	-	-	(11,788)
Sub-total	(11,788)	277,623	-	-	265,835
Balance at 31 December 2016	12,152,457	567,449	(247,899)	(10,546,765)	1,925,242

2015

	CONTRIBUTED EQUITY \$	OPTION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2015	6,141,516	-	(222,278)	(5,715,330)	203,908
Adjustment on change in accounting policy (note 1B)				(781,995)	(781,995)
Restated balance at 1 July 2015	6,141,516	-	(222,278)	(6,497,325)	(578,087)
(Loss)/profit for the half year	-	-	-	(59,333)	(59,333)
Other comprehensive income	-	-	32,356	-	32,356
Total comprehensive loss for the half year	-	-	32,356	(59,333)	(26,977)
Transactions with members in their capacity as owners:					
Issue of shares	72,600	-	-	-	72,600
Sub-total	72,600	-	-	-	72,600
Balance at 31 December 2015	6,214,116	-	(189,922)	(6,556,658)	(532,464)

These financial statements should be read in conjunction with the accompanying notes

VAULT INTELLIGENCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half year ended	
	31 December	31 December
	2016	2015
NOTE	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Receipts from customers	1,401,032	1,291,975
Interest received	15,675	65
Payments to suppliers and employees	(2,960,093)	(1,011,104)
Interest expense	(31,133)	(47,342)
Net cash used in operating activities	(1,574,519)	233,594
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for fixed assets	(51,410)	(83,798)
Purchase of intangible assets	(79,215)	(421,337)
Net cash used in investing activities	(130,625)	(505,135)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issue of shares	-	72,600
Proceeds from borrowings	-	212,814
Repayment of borrowings	(637,712)	(29,008)
Capital raising costs	(11,788)	-
Net cash from financing activities	(649,500)	256,406
Net decrease in cash and cash equivalents held	(2,354,644)	(15,135)
Cash and cash equivalents at beginning of the half year	3,902,571	31,884
Cash and cash equivalents at end of the half year	1,547,927	16,749
<i>Comprised of:</i>		
Cash and cash equivalents	1,762,953	16,749
Bank overdraft	(215,026)	-
TOTAL	1,547,927	16,749

These financial statements should be read in conjunction with the accompanying notes

VAULT INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated interim financial report is a general purpose condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Vault Intelligence Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

Going Concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Group's working capital at 31 December 2016 of \$528,877 with Group cash of \$1,762,953 is adequate to enable the Group to meet its committed operational expenditure beyond 28 February 2018. The Group's operational expenditure does not include any significant committed expenditure over this period. Should the Group commit to any significant expenditure on software or business development in excess of that budgeted immediately, they may need to raise additional working capital prior to doing so. The directors are satisfied that at the date of signing the half year financial report it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have based this on the following pertinent matters:

- the Group's sales pipeline forecasts strong growth in cash inflows;
- the Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- the Group retains the ability, if required, to wholly or in part dispose of aspects of the business;
- the directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available;
- the directors are currently considering the most appropriate means of raising equity including an Entitlement Offer, a Share Purchase Plan or a Placement.

B) New and amended standards adopted by the company

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2016 and the corresponding interim reporting period, with the exception of the adoption of the following new accounting standards:

AASB 15: The group has elected to apply AASB 15 Revenue from Contracts with Customers as issued in December 2014. In accordance with the transitional provisions in AASB 15 the new rules have been adopted retrospectively and comparatives have been restated. See below for further details on the impact of the change in accounting policy.

A number of other new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Change in accounting policy

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

The Group's new accounting policies for revenue are as follows:

Sale of software subscription contracts

The group sells subscriptions to its cloud based and mobile EHS software solutions. Customers make monthly, quarterly or annual subscription up-front payments to access the software, cloud based storage for their 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.

Consulting, training and data migration services

The group provides EHS consulting services, training on using the Vault software and assistance with transferring existing data onto the Vault system as separate services, typically at inception of the contract. These services have distinct deliverables and revenue is recognised when the services are delivered, based on their 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 licences 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.

Impact of the change

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

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

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

	30 June 2016 Previously presented	Impact of AASB 15	30 June 2016 Restated
	\$	\$	\$
Deferred revenue	-	801,254	801,254
Accumulated losses	(8,190,251)	(801,254)	(8,991,505)

In addition, the following adjustments have been made to restate the statement of comprehensive income for the half year ended 31 December 2015:

	Half year ended 31 December 2015 Previously presented	Impact of AASB 15	Restated
	\$	\$	\$
Revenue	1,352,989	(7,586)	1,345,403
Loss before income tax expense	(4,960)	(7,586)	(12,546)
Basic and diluted loss per share (cents)	(0.021)	(0.003)	(0.024)

VAULT INTELLIGENCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2 CONTRIBUTED EQUITY

	31 December 2016		30 June 2016	
(A) Movement in Ordinary shares	\$	No.	\$	No.
At the beginning of the reporting period	12,164,245	565,226,065	6,141,516	1,323,336
Share issues during 2015	-	-	82,600	28,150
Completion shares	-	-	-	217,273
Sale of shares	-	-	-	(1,568,759)
Vault Intelligence residual shares	-	-	-	98,726,065
Public offer share issue	-	-	4,300,000	215,000,000
Vendor shares issued	-	-	1,974,521	250,000,000
Officer shares issued	-	-	30,000	1,500,000
Conversion of Contingent Share Rights	-	75,000,000	-	-
Cost of share issue	(11,788)	-	(364,392)	-
At reporting date	12,152,457	640,226,065	12,164,245	565,226,065
(B) Movement in Contingent Share Rights				
At the beginning of the reporting period	-	75,000,000	-	75,000,000
Conversion to fully paid ordinary shares	-	(75,000,000)	-	-
At reporting date	-	-	-	75,000,000

The Contingent Share Rights were issued on 22 June 2016 as part consideration for the acquisition of the NGBI Group acquired during the year ended 30 June 2016.

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

Each contingent share right converted to one (1) fully paid ordinary share in the Capital of Vault Intelligence on the company's previous auditors (Crowe Horwath) confirmation that the company had achieved Recurring Revenue of at least \$1,400,000 (excluding GST) during the financial year ended 30 June 2016 (Performance Milestone). This is in accordance with the Share Purchase Agreement dated 15 February 2016. For this purpose, Recurring Revenue comprises all monthly, quarterly or annual license or other fees paid or payable for the use of the Company's software solutions whether invoiced monthly, quarterly, annually or on any other periodic basis. In FY2017, the Group elected to adopt a new accounting policy for revenue. Refer to note 1 B) for details of the new policy.

The Performance Milestone was achieved during the period and hence the contingent share rights converted to ordinary shares.

VAULT INTELLIGENCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3 RESERVES

	31 December 2016	30 June 2016
	\$	\$
Option reserves	567,449	289,826
Foreign currency translation reserves	(247,899)	(210,512)
At reporting date	319,550	79,314

	31 December 2016		30 June 2016	
	\$	No.	\$	No.
Movement in Share based payment reserve :				
(a) Option reserve				
Opening balance	289,826	60,300,000	-	-
Vault Intelligence residual options ¹	-	(13,000,000)	-	13,000,000
Officers issue ²	-	-	-	2,300,000
KPI options ³	84,875	-	-	20,000,000
Broker options ⁴	-	-	289,826	25,000,000
Management options ⁵	192,748	15,000,000	-	-
At reporting date	567,449	62,300,000	289,826	60,300,000

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

- 1) The amount payable upon exercise of each option is \$0.25 (Exercise Price). No notices to exercise were received before 5.00pm (WST) on 6 December 2016 (Expiry Date). The options, not being exercised before the relevant Expiry Date therefore lapsed on that Expiry Date.
- 2) These options have an exercise price of \$0.04 (Exercise Price) and an expiry date of three years from the date on which they were issued (Expiry Date). They were issued on 22 June 2016.
- 3) The KPI options have an exercise price of \$0.04 (Exercise Price) and an expiry date of three years from the date on which the KPI options were issued (Expiry Date). Subject to satisfaction of the Vesting Conditions, the KPI options are exercisable at any time on or prior to the Expiry Date. They were issued on 22 June 2016. The KPI options shall be subject to the following vesting conditions (Vesting Conditions):

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

The option value is expensed over the estimated vesting period applicable to each of the options issued.

- 4) The Broker options have an exercise price of \$0.025 (Exercise Price) and an expiry date of three years from the date on which the Broker options were issued (Expiry Date). They were issued at an issue price of \$0.0001 each on 22 June 2016 and vested on issue.
- 5) 15,000,000 options with vesting conditions were issued under the Employee Incentive Scheme to officers of the company as follows:

No. of Options	Exercise Price	Vesting Condition
12,000,000	\$0.04	company achieving audited revenue of \$4 million in a financial year
2,000,000	\$0.06	company achieving audited revenue of \$6 million in a financial year
1,000,000	\$0.10	company achieving audited revenue of \$10 million in a financial year

The option value is expensed over the estimated vesting period applicable to each of the options issued.

	31 December 2016	30 June 2016
	\$	\$
(b) Foreign currency translation Reserve		
At the beginning of the reporting period	(210,512)	(222,278)
Movement during the period	(37,387)	11,766
At reporting date	(247,899)	(210,512)

VAULT INTELLIGENCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

4 OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group operated in one operating segment being the provision of cloud-based and mobile EHS software.

DISAGGREGATION OF REVENUE

	31 December 2016	31 December 2015
	\$	\$
Software subscription revenue recognised over time	1,090,735	813,194
Other revenue recognised at a point in time	202,235	434,593
Revenue from contracts with customers	1,292,970	1,247,787
Interest received	15,675	65
Other revenue	-	97,551
Total revenue	1,308,645	1,345,403

5 RELATED PARTY TRANSACTIONS

RELATED PARTY CONTINGENT RIGHTS HOLDINGS

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

	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD¹	BALANCE AT END OF PERIOD
31 December 2016					
Mr Robert Kirtlan	-	-	-	-	-
Mr Samuel Smart	-	-	-	-	-
Mr David Moylan ¹	18,501,886	-	-	(18,501,886)	-
Mr Trent Innes ¹	478,085	-	-	(478,085)	-

¹ The conversion of Contingent Share Rights to ordinary fully paid shares on achievement of recurring revenue hurdles.

RELATED PARTY LOANS

	31 DECEMBER 2016	30 JUNE 2016
	\$	\$
Watchdog Holdings Ltd ¹	-	86,250
	-	86,250
Current	-	86,250
Non-Current	-	-
	-	86,250

Except for the above, there have been no other transactions with other related parties for the period ended 31 December 2016.

VAULT INTELLIGENCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6 COMMITMENTS

OPERATING LEASE COMMITMENTS

	31 DECEMBER 2016	30 JUNE 2016
	\$	\$
- not later than 12 months	250,514	117,955
- later than one year and not later than five years	668,481	471,820
- Later than 5 years	-	19,660
	<hr/>	<hr/>
	918,995	609,435

There are no other expenditure commitments relating to the operations other than the group operating leases.

7 EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no other material items, transactions or events subsequent to 31 December 2016 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

8 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities (30 June 2016 : nil).

VAULT INTELLIGENCE LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes, as set out on pages 7 to 16 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in dark ink, appearing to read 'D Moylan', with a long horizontal stroke extending to the right.

David Moylan
Managing Director
Dated 27 February 2017



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vault Intelligence Limited (the Company), which comprises:

- the consolidated statement of financial position as at 31 December 2016
- the consolidated statement of comprehensive income for the half-year then ended
- the consolidated statement of changes in equity for the half-year then ended
- the consolidated cash flow statement for the half-year then ended
- selected explanatory notes
- the directors' declaration for Vault Intelligence Limited Group (the consolidated entity).

The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vault Intelligence Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Independence

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

Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read "Pierre Dreyer", written in a cursive style.

PricewaterhouseCoopers

A stylized handwritten signature in black ink, consisting of a large, flowing loop followed by a few strokes.

Pierre Dreyer
Partner

Perth
27 February 2017