NGB Industries Limited ABN 125 154 958

Special Purpose Financial Statements
For the 6-month Period Ended 31 December 2015

NGB Industries Limited ABN 125 154 958

Financial Statements - Contents

Business Directory

Registration Date	30 April 2007
Nature of activities	Sales of safety management systems and provision of safety management consultancy and training.
Registered office	Level 17, 181 Williams St. Melbourne 3000 AU
Directors	David Moylan Andrew Lucena Trent Innes David Lightfoot
Group entities	NGB Industries Limited (Parent) Platinum Safety Pty Limited (wholly owned subsidiary of NGB Industries Ltd) Vault GRC AU PTY Limited (wholly owned subsidiary of NGB Industries Ltd) Vault GRC NZ Limited (wholly owned subsidiary of NGB Industries Ltd)
Auditor	Crowe Horwath Melbourne

NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Directors' Report

The Directors are responsible for the preparation, in accordance with the Corporations Act 2001 and International Financial Reporting Standards, financial statements which give a true and fair view of the financial position of NGB Industries Limited (the "Company") and Group as at 31 December 2015, and the results of its operations for the 6-month period ended on that date.

The Directors consider that the financial statements have been prepared using accounting policies appropriate to the parent company and group circumstances, consistently applied and supported by reasonable and prudent judgements and estimates.

	For the 6-month period ended 31-Dec-15	12 months ended 30-Jun-15
	$	$
The profit/(loss) of the Parent for the financial year after providing for income tax amounted to:	(64,046)	(208,959)
The profit/(loss) of the Group for the financial year after providing for income tax amounted to:	(51,748)	205,286

The Group recorded a deficit in working capital in the current year. It is envisaged that NGB Industries Limited and its subsidiaries will be able to pay its debts as and when they fall due for the coming 12 months period.

No significant changes in the Parent and Group state of affairs occurred during the financial year.

The principal activities of the Parent and Group during the financial year were the sales of safety management systems and provision of safety management consultancy and training.

The Parent and Group operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No dividends have been paid or declared during the financial year.

The Directors are pleased to present the Parent and Group financial statements for the 6-month period ended 31 December 2015.

For and behalf of the Directors

David Morcom

14th March 2016

Date

14th MARCH 2016

Date

NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Statement of Comprehensive Income

For the 6-month period ended 31 December 2015

In Australian Dollars

		Group		Parent	
	Notes	For the 6-month period ended 31-Dec-15 $	For the 12 months ended 30-Jun-15 $	For the 6-month period ended 31-Dec-15 $	For the 12 months ended 30-Jun-15 $
Recurring income		820,779	1,941,841	266,714	527,031
Other income		434,528	359,192	-	180,855
Total sales income		1,255,307	2,301,033	266,714	707,886
Direct costs		(103,434)	(107,767)	(10,150)	(50,500)
Gross profit		1,151,873	2,193,267	256,564	657,386
Other income	3	97,551	698,174	74,929	500,000
Overhead and administration expenses	5	(1,206,307)	(2,542,955)	(395,495)	(1,358,252)
Foreign currency gain/ (loss)		(800)	(10,007)	(109)	(11,593)
Operating profit/(loss)		42,317	338,479	(64,111)	(212,459)
Financing activities					
Interest income		65	3,500	65	3,500
Interest expense	4	(47,342)	(64,315)	-	-
Net financing profit/(loss)		(47,278)	(60,815)	65	3,500
Profit/(Loss) before income tax		**(4,960)**	**277,664**	**(64,046)**	**(208,959)**
Income tax expense	6	46,787	72,378	-	-
Profit/(loss) for the period/year		**(51,748)**	**205,286**	**(64,046)**	**(208,959)**
Other comprehensive income					
Foreign currency translation reserve		32,356	35,242	-	-
Total Comprehensive Income/(loss) for the period/year		**(19,392)**	**240,527**	**(64,046)**	**(208,959)**

Comparative figures are for the year ended 30 June 2015.

These financial statements should be read in conjunction with the notes to the financial statements.

NGB Industries Limited ABN 125 154 958

Special Purpose Financial Statements

Statement of Financial Position
As at 30 June 2015

In Australian Dollars

	Notes	Group		Parent	
		31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
ASSETS		$	$	$	$
Current assets					
Cash and cash equivalents		16,749	31,884	5,567	11,382
Trade and other receivables	**7**	308,220	247,337	145,202	49,514
Total current assets		324,969	279,221	150,769	60,895
Non-current assets					
Property, plant & equipment	**10**	99,283	34,741	-	-
Investment in subsidiaries		-	-	15,400	15,400
Intangible assets	**12**	1,521,574	1,225,212	1,542,399	1,261,948
Total Non-current assets		1,620,857	1,259,953	1,557,799	1,277,348
TOTAL ASSETS		1,945,826	1,539,174	1,708,568	1,338,244
LIABILITIES					
Current liabilities					
Trade and other payables	**8**	420,016	513,294	200,253	103,390
Inter-group payables	**9**	-	-	1,160,594	895,688
Borrowings	**13**	376,489	325,556	-	-
Employee entitlements		172,476	77,803	-	-
Related party loans	**11**	120,712	9,897	-	-
Tax payable	**6**	111,691	72,378	-	-
Total current liabilities		1,201,385	998,928	1,360,847	999,078
Non-current liabilities					
Borrowings	**13**	487,326	196,514	-	-
Related party loans	**11**	-	139,824	-	-
Total non-current liabilities		487,326	336,338	-	-
TOTAL LIABILITIES		1,688,711	1,335,266	1,360,847	999,078
NET ASSETS/(LIABILITIES)		257,115	203,908	347,720	339,166
EQUITY					
Issued capital	**14**	6,214,116	6,141,516	6,214,116	6,141,516
Accumulated losses		(5,767,079)	(5,715,330)	(5,866,396)	(5,802,350)
Foreign currency translation reserve		(189,922)	(222,278)	-	-
TOTAL EQUITY		257,115	203,908	347,720	339,166

Statement of Changes in Equity
For the 6-month period ended 31 December 2015
In Australian Dollars

	Notes	Group		Parent	
		For the 6-month period ended 31-Dec-15 $	**For the 12 months ended 30-Jun-15 $**	**For the 6-month period ended 31-Dec-15 $**	**For the 12 months ended 30-Jun-15 $**
Issued capital					
Opening		6,141,516	5,877,516	6,141,516	5,877,516
Shares issued in the period/year		72,600	264,000	72,600	264,000
Closing		6,214,116	6,141,516	6,214,116	6,141,516
Accumulated losses					
Opening		(5,715,331)	(5,920,617)	(5,802,350)	(5,593,391)
Profit/(loss) for the period/year		(51,748)	205,286	(64,046)	(208,959)
Closing		(5,767,079)	(5,715,331)	(5,866,396)	(5,802,350)
Foreign Currency Translation Reserve					
Opening		(222,278)	(257,520)	-	-
Other comprehensive income		32,356	35,242	-	-
Closing		(189,922)	(222,278)	-	-
TOTAL EQUITY		257,115	203,907	347,720	339,166

NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Statement of Cash Flows
For the 6-month period ended 31 December 2015

In Australian Dollars

	Group 31-Dec-15 $	Group 30-Jun-15 $	Parent 31-Dec-15 $	Parent 30-Jun-15 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,291,975	2,300,242	245,846	762,851
Interest income	65	3,500	65	3,500
Payments to suppliers and employees	(1,011,104)	(1,751,870)	(183,806)	(436,244)
Finance costs	(47,342)	(64,315)	-	-
Net cash provided from/(to) operating activities	233,594	487,557	62,105	330,107
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant & equipment	(83,798)	(19,996)	-	-
Purchase of intangible assets	(421,337)	(591,427)	(405,426)	(629,123)
Net cash provided from/(to) investing activities	(505,135)	(611,423)	(405,426)	(629,123)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net movement in borrowings	212,814	235,885	-	-
Inter-group cash advances	-	-	264,906	312,909
Issuance of shares	72,600	-	72,600	-
Related party loan repayments	(29,008)	(161,572)	-	(5,000)
Net cash provided from/(to) financing activities	256,406	74,313	337,506	307,909
Net increase/(decrease) in cash held	(15,135)	(49,553)	(5,815)	8,893
Cash at beginning of the year	31,884	(191,889)	11,382	2,489
Net foreign exchange differences	-	7,809	-	-
Cash at end of year	16,749	(233,633)	5,567	11,382
Cash balance comprises:				
Cash and cash equivalents	16,749	31,884	5,567	11,382
Bank overdraft	-	-	-	-
Total	16,749	31,884	5,567	11,382

Comparative figures are for the year ended 30 June 2015.

These financial statements should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1 Reporting Basis and Conventions

(a) NGB Industries Limited (the "Parent) is a Company limited by shares, incorporated and domiciled in Australia.

Separate Financial statements for the "Parent" and consolidated financial statements comprising the Parent and its subsidiaries (the "Group") are presented.

The subsidiaries of the Parent are:
Platinum Safety Pty Limited - incorporated in Australia and 100% owned.
Vault GRC AU PTY Limited - incorporated in Australia and 100% owned.
Vault GRC NZ Limited - incorporated in New Zealand and 100% owned.

The Directors have prepared the financial statements on the basis that the Parent and Group is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements and have been prepared in order to meet the requirements of the *Corporations Act 2001* .

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of shareholders. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are as follows:

(b) Basis of measurement
The financial statements have been prepared on a historical costs basis.

The accrual basis of accounting has been used and the financial statements have been prepared on a going concern basis - refer to note 18.

(c) Presentation currency
The financial statements are presented in Australian dollars, which is the company's functional currency.

(d) Use of estimates and judgements
The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to on-going review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

Notes to the financial statements

(b) Trade debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the company will not be able to collect all amounts due according to the original terms of the receivable.

(c) Trade creditors and other payables

Trade creditors and other payables are stated at cost.

(d) Financial instruments

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, other financial liabilities.

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default.

All financial assets held by the Parent and Group in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of consideration received, excluding sales taxes and discounts.

The following specific recognition criteria must be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised when the Parent and Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Rendering of services
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Under this method, revenue is recognised in the accounting periods in which the services are provided. Where it is not practicable to measure the future value of service obligations associated with the supply of goods due to the uncertainty of timing and scope, revenue is recognised when the goods are sold.

Recurring revenue

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. Revenue is to be recognised at the date of invoicing and includes any periodic payment for the use or licence to use the Company's software solutions including the first payment for any monthly or periodic contracts. However, Recurring Revenue does not include revenue received in connection with:

1.1.1 implementation or installation of the Company's software solutions;

1.1.2 training provided to customers or clients in relation to the Company's software solutions; or

1.1.3 other services which are not related to the use or licensing of the Company's software solutions.

The comparative figures have been adjusted to disclose the separate classification between recurring income and new client income according to the above definition of recurring revenue which differ from that used in prior years.

Interest income
Interest income is recognised as it accrues, using the effective interest method.

(f) Foreign currency transactions
Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars (AUDs) at the foreign exchange spot rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than AUDs are translated into AUDs upon consolidation.

The assets and liabilities of foreign operations, are translated to AUDs at the foreign exchange spot rate at the reporting date. The income and expenses of foreign operations, are translated to AUDs at the average exchange rate for the year.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve within equity.

(g) Income tax
The income tax expensed reported against profit or loss for the year is the estimated income tax payable in relation to the current year's activities, adjusted for any difference between the estimated and actual income tax payable in prior years.

The income tax effects of deferred tax on temporary difference and any unused tax losses are not recognised.

(h) Goods and Services Tax (GST)
All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the respective tax office, is included as part of receivables or payables in the Statement of Financial Position.

(i) Property, Plant and Equipment
Plant and equipment are measured on the cost basis less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20% – 66% DV
Computer equipment	50% DV
Leasehold	25% DV
Office furniture	12% - 19.2% DV
Vehicles	30% - 36& DV

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

(j) Intangibles
Intangible assets are initially recorded at cost and are amortised over the estimated useful life of the asset.

Internally developed intangible assets
Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the reported profit or loss when incurred.

Development activities include a plan or design for the production of new or substantially improved products. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Parent and Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the reported surplus and deficit when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any impairment losses.

The amortisation rates used for each class of intangible assets are:

Software	50% - 60% DV
Intellectual property	14.29 - 20% SL

(k) Provisions
Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the financial statements

3 Other income

	Group		Parent	
	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $
Licence income for distribution of NGB Products	-	-	74,929	-
Forgiveness of Director Loan (Note 11)	-	500,000	-	500,000
Forgiveness of tax filing penalties	43,295	198,174	-	-
Other revenue	54,256	-	-	-
Total	97,551	698,174	74,929	500,000

4 Interest expense

	Group		Parent	
	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $
Interest on borrowings	37,888	50,720	-	-
Interest on finance lease arrangements	9,338	6,790	-	-
IRD Interest	-	6,624		
Other interest	117	181	-	-
Total	47,342	64,315	-	-

5 Overhead and administrative expenses

	Group		Parent	
	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $
Salaries and employment costs	895,059	1,437,267	23,464	55,782
Tax filing penalties	-	-	-	-
Travel costs	81,420	140,280	22,630	25,677
Rent	33,882	90,273	902	7,497
Professional fees	60,947	66,083	27,559	62,756
Webhosting fee	54,045	134,916	52,703	115,947
Depreciation	19,256	17,972	-	-
Amortisation	124,975	158,622	124,975	158,622
Audit fees	29,518	19,230	-	19,230
Bad debts (note 7)	-	797,532	-	797,532
Loss on disposal of fixed assets	-	1,138	-	-
Other overhead and administrative costs	329,931	262,318	143,261	115,206
Total overhead and administrative costs	1,629,034	3,125,630	395,495	1,358,251
Less: salaries and wages capitalised	(422,727)	(582,675)	-	-
Total overhead and administrative costs expensed	1,206,307	2,542,955	395,495	1,358,251

In the six months period ended 31 December 2015, the subsidiary company, Vault GRC NZ Limited incurred costs of $422,727 (June 2015: $582,675) in the development of intellectual property, source code and associated materials for NGB Industries Limited.

As at 31 December 2015, $422,727 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited at cost (June 2015: $582,675).

Notes to the financial statements

5 Overhead and administrative expenses (continued)

Auditors remuneration	**Group**		**Parent**	
	6 months ended 31-Dec-15	**12 months ended 30-Jun-15**	**6 months ended 31-Dec-15**	**12 months ended 30-Jun-15**
	$	**$**	**$**	**$**
Fees charged by Audit Firm:				
Financial statement audit	29,518	19,230	29,518	23,950
Advisory services including tax, R&D and governance advice	32,975	49,733	-	49,733
Total fees paid to audit firm	62,493	68,963	29,518	73,683

6 Income tax expense

	Group		**Parent**	
	6 months ended 31-Dec-15	**12 months ended 30-Jun-15**	**6 months ended 31-Dec-15**	**12 months ended 30-Jun-15**
	$	**$**	**$**	**$**
Taxable Income Reconciliation				
Profit/(Loss) before income tax	(51,748)	277,664	(64,046)	(208,959)
Permanent differences	60,056	201,738	47,075	346,082
Temporary differences	151,508	149,962	106,012	151,420
Taxable income	159,816	629,364	89,041	288,544
Tax losses carried forward/ (utilised)	(93,326)	(407,499)	(89,041)	(288,544)
Taxable income	66,490	221,865	-	-
Tax expenses @ 30% (New Zealand Subsidiary: 28%)	46,787	72,378	-	-

At the reporting date NGB Industries Limited and Vault GRC AU Limited have tax losses available to offset against future taxable income of $39,651 (30 June 2015: 132,977).

At the reporting date Vault GRC NZ Limited has tax losses available to offset against future taxable income of NZ$nil (30 June 2015: NZ$7,125).

Income tax receivable/ (payable)	**Group**		**Parent**	
	31-Dec-15	**30-Jun-15**	**31-Dec-15**	**30-Jun-15**
	$	**$**	**$**	**$**
Opening balance	72,378	-	-	-
Income tax expense	46,787	72,378	-	-
Income tax paid	(7,474)	-	-	-
Closing balance	111,691	72,378	-	-

Notes to the financial statements

7 Trade and other receivables

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	$	$	$	$
Trade debtors	308,220	247,337	145,202	49,514
Total	308,220	247,337	145,202	49,514

8 Trade and other payables

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	$	$	$	$
Trade Creditors	207,030	141,369	169,644	94,201
Accruals	66,360	17,339	25,193	-
PAYE Payable	28,479	294,795	5,416	9,189
GST Payable	71,209	-	-	-
Other Payables	46,938	59,791	-	-
Total	420,016	513,294	200,253	103,390

In June 2015, the subsidiary company, Vault GRC NZ Limited, reached an agreement with the New Zealand Inland Revenue Department over the balance due in relation to historic GST and PAYE balances together with associated tax filing penalties. A full and final settlement $200,000 was paid to the IRD on the 27th Oct 2015.

The revised balance payable is less than previously accrued in previous years resulting in the recognition of a forgiveness of tax penalties gain in the previous year (Note 3).

9 Inter-group balances

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	$	$	$	$
Vault GRC NZ Limited	-	-	895,589	697,743
Vault GRC Australia Pty Ltd	-	-	159,784	92,724
Platinum Safety Pty Limited	-	-	105,221	105,221
Total payable	-	-	1,160,594	895,688
Net balance receivable/ (payable)	-	-	1,160,594	895,688

Vault GRC NZ Limited, Platinum Safety Pty Limited, and Vault GRC Australia Pty Limited are 100% owned subsidiary of NGB Industries Limited.

All balances are receivable/ payable on demand and interest free.

Notes to the financial statements

10 Property Plant & Equipment

	Group		Parent	
	31-Dec-15	**30-Jun-15**	**31-Dec-15**	**30-Jun-15**
	$	**$**	**$**	**$**
Vehicles				
Cost	152,343	74,928	-	-
Accumulated depreciation	(74,575)	(63,110)	-	-
Carrying value	77,768	11,818	-	-
Computer equipment				
Cost	25,673	24,780	-	-
Accumulated depreciation	(14,194)	(10,431)	-	-
Carrying value	11,479	14,349	-	-
Plant				
Cost	5,352	5,352	-	-
Accumulated depreciation	(5,166)	(5,134)	-	-
Carrying value	186	218	-	-
Office furniture				
Cost	17,725	17,725	-	-
Accumulated depreciation	(11,069)	(10,495)	-	-
Carrying value	6,656	7,230	-	-
Leasehold improvement				
Cost	4,687	2,402	-	-
Accumulated depreciation	(1,493)	(1,276)	-	-
Carrying value	3,194	1,126	-	-
Total property, plant and equipment	99,283	34,741	-	-
Depreciation for the year	19,256	17,972	-	1,488

Notes to the financial statements

11 Related party loans

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	$	$	$	$
Watchdogs Holdings	80,493	80,493	-	-
D Moylan (Director and Shareholder)	40,220	59,531	-	-
C & M Meaclem (Shareholder)	-	9,897	-	-
Total related party loans	120,712	149,921	-	-
Current	120,712	9,897	-	-
Non-current	-	139,824	-	-
Total	120,712	149,721	-	-

The advances to related parties are interest free and payable on demand, however the related parties have provided support they will not call the funds within the 12 months following authorisation of these financial statements, unless adequate cash reserves become available.

Watchdog Holdings Limited is a New Zealand Incorporated Company, the Directors and major shareholders of this Company are also Directors and shareholders of Vault GRC Limited and NGB Industries Limited.

In financial year June 2015, $500,000 balance owing to D Moylan was forgiven and disclosed as other income (Note 3). In addition, $100,000 of D Moylan debt was capitalised and converted in new equity shares issued.

During financial year June 2015, $144,000 of W Ackers debts was capitalised and converted into equity.

C & M Meaclem are shareholders of the Parent Company. The balance advanced is in June 2015 was settled subsequently.

12 Intangible Assets

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
Software	$	$	$	$
Cost	8,318	8,319	-	-
Accumulated depreciation	(4,482)	(3,199)	-	-
Carrying value	3,837	5,120	-	-
Intellectual Property				
Cost	2,092,807	1,669,038	2,120,912	1,715,486
Accumulated depreciation	(578,514)	(453,538)	(578,514)	(453,538)
Carrying value	1,514,293	1,215,500	1,542,399	1,261,948
Website				
Cost	6,483	6,483	0	0
Accumulated depreciation	(3,039)	(1,891)	0	0
Carrying value	3,444	4,592	0	0
Total carrying value of intangible assets	1,521,573	1,225,212	1,542,399	1,261,948
Amortisation for the year	124,975	158,622	124,975	158,622

For the 6-month period ended 31 December 2015 the Parent and Group has capitalised $422,727 (Year ended 30 June 2015: $582,675) of costs as intangible assets, being the development of intellectual property, source code and associated materials.

As at 31 December 2015 $422,727 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited at cost (30 June 2015: $629,124).

Notes to the financial statements

13 Borrowings

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	$	$	$	$
Bank overdraft	247,203	265,516	-	-
Finance lease	137,574	14,698	-	-
Westpac term loan	479,038	241,857	-	-
Total Borrowings	863,815	522,070	-	-
Current				
Bank overdraft	247,203	265,516	-	-
Finance lease	21,142	14,698	-	-
Westpac Term loan 1	47,712	45,342	-	-
Westpac Term loan 2	46,913	-	-	-
Admiral Finance	13,519	-	-	-
Total Current	376,489	325,556	-	-
Non-current			-	-
Finance lease	72,971	-	-	-
Westpac Term loan 1	170,954	196,514	-	-
Westpac Term loan 2	213,459	-	-	-
Admiral Finance	29,942	-	-	-
Total Non-current	487,326	196,514	-	-

The Group has an overdraft facility with Westpac of up to $350,000 payable on demand and is charged interest at 9.74% per annum.

The Westpac Term loan 1 was advanced in June 2015, charged fixed interest at 8% and repayable over a 5 year period.

The Westpac Term loan 2 was advanced in October 2015, charged interest at 6.75% for 2 years and repayable over a 5 year period.

The Admiral Finance loan was advanced in August 2015, charged interest at 16.95% repayable over a 3 year period.

All borrowings with Westpac including overdraft facilities (Note 13) are secured over:
- General Security Agreement (GSA) - financing statement number FR02924NB941H9V dated 10/11/2014
- supported, unlimited Guarantee from the Moylan Family Trust
- unsupported, unlimited Guarantee from Patricia Moylan and David Moylan.

Finance leases relate to motor vehicles, secured over financed assets.Finance leases relate to motor vehicles, secured over financed assets.

14 Issued Capital

	Group		Parent	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
Opening	6,141,516	5,877,516	6,141,516	5,877,516
Shares issued in the year	72,600	264,000	72,600	264,000
Closing	6,214,116	6,141,516	6,214,116	6,141,516

The Parent has authorised share capital amount to 6,214,116 (30 June 2015: 6,141,516) ordinary shares of no par value.

1,341,486 NGB Industries shares were on issue at 31 Dec 2015.

Ordinary shares holders participate in dividends and the proceeds on winding up of the Company (being in proportion to the number of shares held).

At the shareholders meeting each ordinary share holder is entitled to one vote when a poll is called, otherwise each shareholder has one vote has one vote on a show of hands.

The shares issued were in exchange for:

	31-Dec-15 $	30-Jun-15 $
Conversion of D Moylan debt in equity (Note 13)	-	100,000
Conversion of W Ackers debt in equity (Note 13)	-	144,000
Jitend Tiwary	22,600	
Jet Stream Family Trust	50,000	
D Lightfoot Director Services	-	10,000
T Innes Director Services	-	10,000
Total consideration for new shares issued	72,600	264,000

15 Related party transactions

The parent, NGB Industries, has related party relationships with its subsidiaries, which at the reporting date

- Vault GRC NZ Limited
- Vault GRC AU PTY Limited
- Platinum Safety PTY Limited (non trading)

The activities of the Group are currently financed via a series of related party loans, refer to note 11.

Transactions with related parties are disclosed on the face of the Statement of Comprehensive Income.

Share-based payment transaction with related parties are disclosed in note 14 of the financial statements.

Key management compensation

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Board of Directors, Chief Executive Officer, and Chief Financial Officer.

Key management personnel compensation includes the following expenses:

	Group 31-Dec-15 $	Group 30-Jun-15 $	Parent 31-Dec-15 $	Parent 30-Jun-15 $
Current year salaries, wages and fees	265,246	772,227	130,009	542,470
Total	265,246	772,227	130,009	542,470

16 Reconciliation the surplus/(deficit) for the year with net cash flows from operating activities

	Group		Parent	
	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $
Profit/(loss) for the period/year	(51,748)	205,286	(64,046)	(208,959)
Non cash items				
Depreciation	19,256	17,972	-	-
Amortisation	124,975	158,622	124,975	158,622
Director loan forgiven	-	(500,000)	-	(500,000)
Foreign currency translation movement	32,356	27,434	-	9,985
Director services settled by share-based payment	-	20,000		20,000

Notes to the financial statements

	6 months 31-Dec-15 $	12 months 30-Jun-15 $	6 months 31-Dec-15 $	12 months 30-Jun-15 $
Movements in working capital				
(Increase)/decrease in trade debtors and other receivables	(60,883)	796,742	(95,688)	868,125
Increase/(decrease) in income tax payable	39,313	72,378	-	-
Increase/(decrease) in trade creditors and other payables	130,324	(310,875)	96,862	(17,665)
Net cash flows from operating activities	275,962	529,743	104,473	372,310

17 Capital commitments and contingent liabilities

The Parent and Group have no capital commitments or contingent liabilities at the reporting date (30 June 2015: None).

18 Going Concern

The Directors have prepared the financial report on a going concern basis which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

	Group		Parent	
	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $	6 months ended 31-Dec-15 $	12 months ended 30-Jun-15 $
Comprehensive profit/ (loss) for the period/year	(19,392)	240,529	(64,046)	(208,959)
Working capital deficit	(876,416)	(719,707)	(1,210,079)	(938,182)
Total Equity	257,115	203,908	347,720	339,166
Related party loans (note 11)	120,712	149,721	-	-

The Directors have prepared the financial statements on a going concern basis, based on reliance on the continued financial support of shareholders who have loans with the Company, and the future profitability of the Parent and Group.

19 Subsequent events

Unadjusting event

The board of directors approved the issue of 10,000 (1$) shares in January 2015 for services rendered by a board member during the 2015 financial year.

NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1.

The financial statements and notes, as set out on pages 4 to 16 in accordance with the *Corporations Act 2001* and:

(a) comply with Accounting Standards; and

(b) give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. With respect to note 10 in the financial statements In the directors' opinion 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.

Director ______________________

DAVID MOYLAN

Director ______________________

Dated this 14th day of MARCH 2016

Crowe Horwath™

Independent Auditor's Report to the Members of NGB Industries Limited

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of NGB Industries Limited (the "Company") and Group on pages 3 to 19, which comprises the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the periodr then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' responsibility 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 and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the shareholders.

The Directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion the financial report of the Company and Group is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Group's and Company's financial position as at 31 December 2015 and of their performance for the period then ended in accordance with the accounting policies described in Note 1; and

b) Complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 18 in the financial statements, which discloses the going concern position of the Company and Group. The Group disclosed total comprehensive loss of $19,392 for the period ended 31 December 2015 (year ended June 2015: profit $240,529) and, as of that date, the Group's current liabilities exceeded its current assets by $876,060 (June 2015: $719,707). The Company disclosed total comprehensive loss of $64,046 for the period ended 31 December 2015 (year ended 30 June 2015 $208,959) and, as of that date, the Company's current liabilities exceeded its current assets by $1,210,079 (June 2015: $938,182).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors have prepared the financial statements on a going concern basis, based on reliance on the continued financial support of shareholders who have loans with the Company, and the future profitability of the Parent and Group.

CROWE HORWATH MELBOURNE

JOHN GAVENS

Partner

Melbourne Victoria
22 March 2016