

NGB Industries Limited

Special Purpose Financial Statements

For the Year Ended 30 June 2014

NGB Industries Limited ABN 125 154 958

Financial Statements - Contents

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NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Business Directory

Registration Date	30 April 2007
Nature of Directory	Software
Registered office	Chifley Tower, Level 29 2 Chifley Square Sydney NSW
Directors	David Moylan Andrew Lucena Darrell Moylan Ian Moylan
Group entities	NGB Industries Limited (Parent) Platinum Safety Pty Limited (wholly owned subsidiary of NGB Industries Ltd) VAULT GRC NZ Limited (wholly owned subsidiary of NGB Industries Ltd)
Auditor	Crowe Horwath New Zealand Audit Partnership Crowe Horwath Melbourne

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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 30 June 2014, and the results of its operations for the year 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.

	2014	2013
	\$	\$
The profit of the Parent for the financial year after providing for income tax amounted to:	296,442	27,047
The profit of the Group for the financial year after providing for income tax amounted to:	1,290,930	(381,207)

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 company and group state of affairs occurred during the financial year.


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

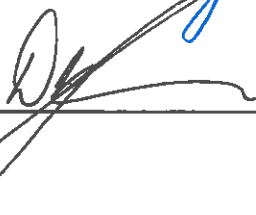
The Company and Group operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

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

The Directors are pleased to present the Company and Group financial statements for the year ended 30 June 2014.

For and behalf of the Directors:





17/9/2014
Date

17/9/14
Date

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Statement of Comprehensive Income

For the year ended 30 June 2014

In Australian Dollars

	Notes	Group		Parent	
		2014	2013	2014	2013
		\$	\$	\$	\$
Revenue					
Sales		2,217,921	1,381,244	873,070	717,730
Less sales allocated to Vault GRC NZ Limited		-	-	(676,831)	(366,210)
		2,217,921	1,381,244	196,239	351,520
Direct costs		(76,219)	(15,233)	(30,845)	-
Gross profit		2,141,703	1,366,011	165,394	351,520
Other income	3	996,626	34,290	880,268	-
Interest income		9,776	-	9,776	-
Interest expense	4	(63,366)	(44,206)	(2,940)	-
Overhead and administration expenses	5	(1,781,475)	(1,732,524)	(765,578)	(319,694)
Foreign currency gain/ (loss)		(12,334)	(4,778)	9,521	(4,778)
Profit/(Loss) before income tax		1,290,930	(381,207)	296,442	27,047
Income tax expense	6	-	-	-	-
Profit/(loss) for the year		1,290,930	(381,207)	296,442	27,047
Other comprehensive income					
Foreign currency translation reserve movements		(237,765)	(17,732)	-	-
Total Comprehensive Income/(loss) for the year		1,053,164	(398,938)	296,442	27,047

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 2014**

In Australian Dollars

	Notes	Group		Parent	
ASSETS		2014	2013	2014	2013
Current assets		\$	\$	\$	\$
Cash and cash equivalents		6,322	9,080	2,489	3,271
Trade and other receivables	7	1,044,079	131,305	917,638	77,793
Inter-group receivables	9	-	-	-	425,329
Total current assets		1,050,401	140,386	920,127	506,393
Non-current assets					
Property, plant & equipment	10	32,715	36,426	-	1,488
Investment in subsidiaries		-	-	15,400	15,400
Intangible assets	12	792,407	1,847	791,447	1,262
Total Non-current assets		825,122	38,272	806,847	18,150
TOTAL ASSETS		1,875,523	178,658	1,726,974	524,543
LIABILITIES					
Current liabilities					
Bank overdraft		198,210	218,646	-	-
Trade and other payables	8	821,718	580,958	121,055	189,418
Inter-group payables	9	-	-	745,780	205,997
Borrowings	13	20,669	10,764	-	-
Employee entitlements		80,251	66,500	-	-
Tax payable	6	-	10,431	-	-
Total current liabilities		1,120,849	887,298	866,835	395,415
Non-current liabilities					
Borrowings	13	-	42,132	-	-
Related party loans	11	1,055,293	603,013	576,014	141,444
Total non-current liabilities		1,055,293	645,145	576,014	141,444
TOTAL LIABILITIES		2,176,143	1,532,444	1,442,849	536,859
NET ASSETS/(LIABILITIES)		(300,623)	(1,353,786)	284,126	(12,316)
EQUITY					
Issued capital	14	5,877,516	5,877,516	5,877,516	5,877,516
Accumulated losses		(5,920,618)	(7,211,547)	(5,593,390)	(5,889,832)
Foreign currency translation reserve		(257,520)	(19,755)	-	-
TOTAL EQUITY		(300,622)	(1,353,786)	284,126	(12,316)

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 Changes in Equity**
For the year ended 30 June 2014

In Australian Dollars

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Issued capital				
Opening	5,877,516	5,877,516	5,877,516	5,877,516
Closing	5,877,516	5,877,516	5,877,516	5,877,516
Accumulated losses				
Opening	(7,211,547)	(6,830,342)	(5,889,832)	(5,916,879)
Profit/(loss) for the year	1,290,930	(381,207)	296,442	27,047
Closing	(5,920,618)	(7,211,547)	(5,593,390)	(5,889,832)
Foreign Currency Translation Reserve				
Opening	(19,755)	(2,023)	-	-
Other comprehensive income	(237,765)	(17,732)	-	-
Closing	(257,520)	(19,755)	-	-
TOTAL EQUITY	(300,622)	(1,353,786)	284,126	(12,316)

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 Cash Flows
For the year ended 30 June 2014

In Australian Dollars

	Notes	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,316,565	1,499,471	1,227,649	574,159
Payments to suppliers and employees		(1,299,374)	(1,593,931)	(363,609)	(611,651)
Finance costs		(63,366)	(44,206)	(2,940)	-
Income tax paid		(10,431)	96	-	-
Net cash provided from/(to) operating activities	15	943,395	(138,570)	861,099	(37,492)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		(9,186)	(24,718)	-	-
Purchase of intangible assets		(792,734)	-	(791,880)	-
Proceeds from sale of intangible assets		-	46,078	-	-
Net cash provided from/(to) investing activities		(801,921)	21,360	(791,880)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in borrowings		(32,227)	(66,237)	-	-
Net movement in related party loans		(52,290)	64,454	(70,000)	35,000
Net cash provided from/(to) financing activities		(84,517)	(1,783)	(70,000)	35,000
Net increase/(decrease) in cash held		56,957	(118,994)	(781)	(2,492)
Cash at beginning of the year		(209,565)	(88,551)	3,271	5,763
Net foreign exchange differences		(39,280)	(2,020)	-	-
Cash at end of year		(191,888)	(209,565)	2,489	3,271
<i>Cash balance comprises:</i>					
Cash and cash equivalents		6,322	9,080	2,489	3,271
Bank overdraft		(198,210)	(218,646)	-	-
Total		(191,888)	(209,565)	2,489	3,271

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

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:

Vault GRC NZ Limited - incorporated in New Zealand and 100% owned.

Platinum Safety Pty Limited - incorporated in Australia 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 that 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 members. 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.

(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.



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Notes to the financial statements

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.

(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 are comprised of 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.

Subsequent measurement of financial liabilities

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

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Notes to the financial statements

(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, rebates, and trade discounts.

(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 at the Statement of Financial Position date are translated to Australian dollars at the foreign exchange rate ruling on the date. Foreign exchange differences arising on translation are recognised in 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 exchange rates at the reporting date. The income and expenses of foreign operations, are translated to AUDs at exchange rates at the dates of the transactions.

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	50% DV
Leasehold	25% DV
Office	12% - 19.2% DV
Plant	15.6% - 48% DV
Vehicles	30% -

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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	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.

3 Other income

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Licence income for distribution of NGB Products	880,268	-	880,268	-
Gain on sale of property, plant and equipment	164	20,086	-	-
Other revenue	108,267	-	-	-
Rent income from sub-lease	7,927	14,204	-	-
Total	996,626	34,290	880,268	-

4 Interest expense

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Interest on borrowings	41,258	30,785	2,940	-
Interest on finance lease arrangements	7,406	11,763	-	-
IRD Interest	13,737	848	-	-
Other interest	964	811	-	-
Total	63,366	44,206	2,940	-

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Notes to the financial statements

5 Overhead and administrative expenses

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries and employment costs	1,671,755	972,718	542,907	79,348
Tax filing penalties	195,119	54,336	2,080	-
Travel costs	108,146	100,782	6,673	10,405
Rent	91,354	76,016	8,152	11,868
Professional fees	128,019	53,194	72,288	49,392
Webhosting fee	103,899	83,883	97,118	83,883
Depreciation	12,897	14,427	1,488	862
Amortisation	2,174	46,929	1,695	46,109
Audit fees	24,501	26,884	24,501	26,884
Other overhead and administrative costs	213,242	303,354	8,676	10,944
Total overhead and administrative costs	2,551,107	1,732,524	765,578	319,694
Less: salaries and wages capitalised	(769,633)	-	-	-
Total overhead and administrative costs expensed	1,781,475	1,732,524	765,578	319,694

In the year ended 30 June 2014 the subsidiary company, Vault GRC NZ Limited incurred costs of \$769,633 (2013: Nil) in the development of intellectual property, source code and associated materials for NGB Industries Limited.

As at 30 June 2014 \$791,445 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited at cost (2013: Nil).

Auditors remuneration

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Fees charged by Audit Firm:</i>				
Financial statement audit	24,501	26,884	24,501	26,884
Advisory services including tax, R&D and governance advice	27,850	21,050	27,850	21,050
Total fees paid to audit firm	52,351	47,934	52,351	47,934

6 Income tax expense

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Taxable Income Reconciliation				
Profit/(Loss) before income tax	1,290,930	(381,207)	296,442	27,047
Permanent differences	(125,618)	-	2,287	-
Temporary differences	(615,847)	-	(816,370)	-
Taxable income	549,465	(381,207)	(517,641)	27,047
Tax losses carried forward/ (utilised)	(549,465)	381,207	517,641	(27,047)
Taxable income	-	-	-	-
Tax expenses @ 30% (New Zealand Subsidiary: 28%)	-	-	-	-

At the reporting date NGB Industries Limited has tax losses available to offset against future taxable income of \$550,709 (2013: 33,068).

At the reporting date Vault GRC NZ Limited has tax losses available to offset against future taxable income of NZ\$ 7,125 (2013: NZ\$1,348,067).



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Notes to the financial statements

Income tax receivable/ (payable)	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Opening balance	10,431	10,335	-	-
Income tax expense	-	-	-	-
Income tax paid	(10,431)	96	-	-
Closing balance	-	10,431	-	-

7 Trade and other receivables

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade debtors	247,459	131,305	121,018	77,793
VCS Receivable	832,609	-	832,609	-
Less VCS unearned interest	(35,989)	-	(35,989)	-
Total	1,044,079	131,305	917,638	77,793

The Parent has entered into an agreement with Vault Compliance Services Limited (VCS) in May 2014, providing VCS with the rights to distribute NGB products for a fee of \$1 Million (NZD). The distribution fee is payable in instalments over the next 12 months.

8 Trade and other payables

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade creditors	99,634	44,203	47,831	57,401
Accruals	134,045	151,517	49,918	79,832
PAYE payable	214,888	174,307	-	8,932
IRD penalties and interest accrued	201,697	69,806	-	-
GST payable	150,934	107,557	23,306	43,253
Other payables	20,521	33,569	-	-
Total	821,718	580,958	121,055	189,418

9 Inter-group receivables/ (payables)

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Vault GRC Limited	-	-	-	425,329
Total receivable	-	-	-	425,329
Vault GRC Limited	-	-	(559,258)	-
Platinum Safety Pty Limited	-	-	(186,522)	(205,997)
Total payable	-	-	(745,780)	(205,997)
Net balance receivable/ (payable)	-	-	(745,780)	219,332

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

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



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Notes to the financial statements

10 Property Plant & Equipment

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Vehicles</u>				
Cost	78,064	66,830	-	-
Accumulated depreciation	(60,403)	(45,136)	-	-
Carrying value	17,660	21,694	-	-
<u>Computer equipment</u>				
Cost	14,089	12,062	-	-
Accumulated depreciation	(9,899)	(8,475)	-	-
Carrying value	4,189	3,587	-	-
<u>Plant</u>				
Cost	10,307	26,274	-	17,094
Accumulated depreciation	(9,968)	(24,140)	-	(15,606)
Carrying value	339	2,134	-	1,488
<u>Office furniture</u>				
Cost	18,467	15,809	-	-
Accumulated depreciation	(9,506)	(8,138)	-	-
Carrying value	8,961	7,672	-	-
<u>Leasehold improvement</u>				
Cost	2,503	2,143	-	-
Accumulated depreciation	(939)	(803)	-	-
Carrying value	1,564	1,339	-	-
Total property, plant and equipment	32,715	36,426	-	1,488
Depreciation for the year	12,897	14,427	1,488	862

11 Related party loans

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Watchdogs Holdings	83,862	74,184	-	-
D Moylan (Director and Shareholder)	775,683	351,451	571,014	106,444
Wayne Ackers (Shareholder)	190,748	142,379	-	-
Kylie Little (Shareholder)	5,000	35,000	5,000	35,000
	1,055,293	603,013	576,014	141,444

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.



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Special Purpose Financial Statements

Notes to the financial statements

12 Intangible Assets

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Software</u>				
Cost	5,676	5,272	-	-
Accumulated depreciation	(4,716)	(4,538)	-	-
Carrying value	960	734	-	-
<u>Intellectual Property</u>				
Cost	1,086,363	294,334	1,086,363	294,483
Accumulated depreciation	(294,916)	(293,221)	(294,916)	(293,221)
	791,447	1,113	791,447	1,262
Carrying value of intangible assets	792,407	1,847	791,447	1,262
Amortisation for the year	2,174	46,929	1,695	46,109

In the year ended 30 June 2014 the Parent and Group has capitalised \$791,880 (2013: Nil) of costs as intangible assets, being the development of intellectual property, source code and associated materials.

As at 30 June 2014 \$791,880 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited at cost (2013: Nil).

13 Borrowings

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Finance leases				
Current	20,669	10,764	-	-
Non-current	-	42,132	-	-
Total	20,669	52,896	-	-

These are for hire purchase agreements in place. Two are secured on motor vehicles and one is secured on a photocopier. Motor vehicles are subject to interest rates 9.67% and 11.75% respectively per annum and photocopier is at 17.8%. They are all repaid on a monthly basis.

14 Issued Capital

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Opening	5,877,516	5,877,516	5,877,516	5,877,516
Closing	5,877,516	5,877,516	5,877,516	5,877,516

The Parent has authorised share capital amount to 1,179,336 (2013: 1,179,336) ordinary shares of no par value.

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 on a show of hands.



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

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Profit/(loss) for the year	1,290,930	(381,207)	296,442	27,047
<i>Non cash items</i>				
Depreciation	12,897	14,427	1,488	46,971
Amortisation	2,174	46,929	1,695	-
Expenses paid through related party account	504,570	-	504,570	-
Foreign currency translation movement	(198,485)	(15,712)	-	-
<i>Movements in working capital</i>				
(Increase)/decrease in trade debtors and other receivables	(912,771)	80,847	(414,516)	(143,571)
Increase/(decrease) in income tax payable	(10,431)	96	-	-
Increase/(decrease) in trade creditors and other payables	254,512	116,051	471,420	32,061
Net cash flows from operating activities	943,396	(138,569)	861,099	(37,492)

16 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 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Comprehensive profit/ (loss) for the year	1,053,164	(398,938)	296,442	27,047
Working capital deficit	(70,448)	(746,913)	53,292	110,978
Total Equity	(300,622)	(1,353,786)	284,126	(12,316)
Related party loans (note 11)	1,055,293	603,013	576,014	141,444

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.

17 Related party transactions

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

- Vault GRCI NZ Limited
- Platinum Safety PTY

The activities of the Group are currently financed via a series of intra-company loans, refer to note 11.

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



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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 2014	Group 2013	Parent 2014	Parent 2013
	\$	\$	\$	\$
Current year salaries, wages and fees	772,227	122,764	542,470	24,300
Total	772,227	122,764	542,470	24,300

18 Capital commitments and contingent liabilities

The Parent and Group have no capital commitments or contingent liabilities at the reporting date (2013: None)

19 Subsequent events

No events have occurred subsequent to balance date that would significantly impact the readers interpretation of the financial position or performance of the Parent or Group as at 30 June 2014.

2013

The 2013 financial statements included a subsequent event note in relation to the purchase the shares of NGB Industries Limited. This transaction was cancelled and did not proceed.

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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 30 June 2014 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 

Director 

Dated this SEVENTEENTH day of SEPTEMBER 2014

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, which comprises the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year 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 30 June 2014 and of their performance for the year 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 16 in the financial statements, which discloses the going concern position of the Company and Group. The Company disclosed total comprehensive income of \$296,442 for the year ended 30 June 2014 (2013: \$27,047) and, as of that date, the Company's current assets exceeded its current liabilities by \$53,292 (2013: \$110,878). The Group disclosed total comprehensive income of \$1,053,164 for the year ended 30 June 2014 (2013: loss \$398,938) and, as of that date, the Group's current liabilities exceeded its current assets by \$70,448 (2013: \$746,912).

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



ANNE LOCKWOOD
Partner

Melbourne Victoria
Dated this 19th day of September 2014

Auditor Independence Declaration under S307C of the *Corporations Act 2001* to the Members of NGB Industries Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- 1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.



CROWE HORWATH MELBOURNE



ANNE LOCKWOOD
Partner

Melbourne Victoria
Dated this 19th day of September 2014