Business
Knowledge

NGB Industries Limited

Special Purpose Financial Statements

For the Year Ended 30 June 2015

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NGB Industries Limited ABN 125 154 958

Financial Statements - Contents

Business Directory

Registration Date	30 April 2007
Nature of activities	Sales of risk management systems and provision of safety management consultancy and training.
Registered office	Level 17 181 William Street Melbourne Victoria Australia
Directors	David Moylan Andrew Lucena Trent Innes (appointed April 2015) David Lightfoot (Appointed April 2015) Ian Moylan (resigned April 2015) Darrell Moylan (resigned April 2015)
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

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 2015, 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.

	2015	2014
	$	$
The profit/(loss) of the Parent for the financial year after providing for income tax amounted to:	(208,959)	296,441
The profit/(loss) of the Group for the financial year after providing for income tax amounted to:	205,286	1,290,930

The Group recorded a deficit in working capital in the current year. It is envisaged that NGB Industries Limited and it's 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 risk 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 year ended 30 June 2015.

For and behalf of the Directors.

David Morcom — 29th Oct 15
Date

DAVID LIGHTFOOT — 30/11/15
Date

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NGB Industries Limited ABN 125 154 958
Special Purpose Financial Statements

Statement of Comprehensive Income
For the year ended 30 June 2015
In Australian Dollars

	Notes	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Recurring income		1,202,912	1,035,553	455,136	434,090
New client income		1,098,121	1,182,368	252,750	438,981
Total sales income		2,301,033	2,217,921	707,885	873,070
Less sales allocated to Vault GRC NZ Limited		-	-	-	(676,831)
Direct costs		(107,767)	(76,219)	(50,500)	(30,845)
Gross profit		2,193,266	2,141,703	657,385	165,394
Other income	3	698,174	996,626	500,000	880,268
Overhead and administration expenses	5	(2,542,955)	(1,781,475)	(1,358,252)	(765,578)
Foreign currency gain/ (loss)		(10,007)	(12,334)	(11,593)	9,521
Operating profit/(loss)		338,479	1,344,520	(212,459)	289,605
Financing activities					
Interest income		3,500	9,776	3,500	9,776
Interest expense	4	(64,315)	(63,366)	-	(2,940)
Net financing profit/(loss)		(60,815)	(53,590)	3,500	6,836
Profit/(Loss) before income tax		**277,664**	**1,290,930**	**(208,959)**	**296,441**
Income tax expense	6	72,378	-	-	-
Profit/(loss) for the year		**205,286**	**1,290,930**	**(208,959)**	**296,441**
Other comprehensive income					
Foreign currency translation reserve movements		35,242	(237,765)	-	-
Total Comprehensive Income/(loss) for the year		**240,529**	**1,053,164**	**(208,959)**	**296,441**

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

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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	
		2015	2014	2015	2014
ASSETS		$	$	$	$
Current assets					
Cash and cash equivalents		31,884	6,322	11,382	2,489
Trade and other receivables	7	247,337	1,044,079	49,514	917,638
Total current assets		279,222	1,050,401	60,896	920,127
Non-current assets					
Property, plant & equipment	11	34,741	32,715	-	-
Investment in subsidiaries		-	-	15,400	15,400
Intangible assets	14	1,225,212	792,407	1,261,948	791,447
Total Non-current assets		1,259,953	825,122	1,277,348	806,847
TOTAL ASSETS		1,539,175	1,875,523	1,338,244	1,726,974
LIABILITIES					
Current liabilities					
Bank overdraft	8	265,516	198,211	-	-
Trade and other payables	9	513,294	821,719	103,390	121,055
Inter-group payables	10	-	-	895,688	745,780
Borrowings	12	60,040	5,357	-	-
Employee entitlements		77,804	80,251	-	-
Related party loans	13	9,897	-	-	-
Tax payable	6	72,378	-	-	-
Total current liabilities		998,929	1,105,538	999,078	866,835
Non-current liabilities					
Related party loans	13	139,824	1,055,293	-	576,014
Borrowings	12	196,514	15,312	-	-
Total non-current liabilities		336,338	1,070,605	-	576,014
TOTAL LIABILITIES		1,335,267	2,176,144	999,078	1,442,849
NET ASSETS/(LIABILITIES)		203,908	(300,621)	339,166	284,125
EQUITY					
Issued capital	15	6,141,516	5,877,516	6,141,516	5,877,516
Accumulated losses		(5,715,330)	(5,920,617)	(5,802,350)	(5,593,391)
Foreign currency translation reserve		(222,278)	(257,520)	-	-
TOTAL EQUITY		203,908	(300,621)	339,166	284,125

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

Statement of Changes in Equity
For the year ended 30 June 2015
In Australian Dollars

	Notes	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Issued capital					
Opening		5,877,516	5,877,516	5,877,516	5,877,516
Shares issued in the year		264,000	-	264,000	-
Closing	15	6,141,516	5,877,516	6,141,516	5,877,516
Accumulated losses					
Opening		(5,920,617)	(7,211,547)	(5,593,391)	(5,889,832)
Profit/(loss) for the year		205,286	1,290,930	(208,959)	296,441
Closing		(5,715,330)	(5,920,617)	(5,802,350)	(5,593,391)
Foreign Currency Translation Reserve					
Opening		(257,520)	(19,755)	-	-
Other comprehensive income		35,242	(237,765)	-	-
Closing		(222,278)	(257,520)	-	-
TOTAL EQUITY		203,908	(300,621)	339,166	284,125

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

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Statement of Cash Flows
For the year ended 30 June 2015
In Australian Dollars

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,300,242	2,316,565	762,851	1,227,649
Interest income		3,500	-	3,500	-
Payments to suppliers and employees		(1,751,870)	(1,299,374)	(436,244)	(363,611)
Finance costs		(64,315)	(63,366)	-	(2,940)
Income tax paid			(10,431)	-	-
Net cash provided from/(to) operating activities	17	487,558	943,394	330,108	861,098
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		(19,996)	(10,041)	-	-
Purchase of intangible assets		(591,427)	(791,880)	(629,123)	(791,880)
Net cash provided from/(to) investing activities		(611,423)	(801,921)	(629,123)	(791,880)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in borrowings		235,885	(32,227)	-	-
Inter-group cash advances		-	-	312,909	-
Related party loan repayment		(161,572)	(52,290)	(5,000)	(70,000)
Net cash provided from/(to) financing activities		74,313	(84,517)	307,909	(70,000)
Net increase/(decrease) in cash held		(49,552)	56,956	8,893	(782)
Cash at beginning of the year		(191,889)	(209,565)	2,489	3,271
Net foreign exchange differences		7,809	(39,280)	-	-
Cash at end of year		(233,632)	(191,889)	11,382	2,489
Cash balance comprises:					
Cash and cash equivalents		31,884	6,322	11,382	2,489
Bank overdraft		(265,516)	(198,211)	-	-
Total		(233,632)	(191,889)	11,382	2,489

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 19.

(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

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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.

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.

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 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.

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.

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Notes to the financial statements

(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 diminishing value 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 improvements	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.

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Notes to the financial statements

3 Other income

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Licence income for distribution of NGB Products	-	880,268	-	880,268
Director loan forgiven (Note 13)	500,000	-	500,000	-
Forgiveness of tax filing penalties (Note 9)	198,174	-	-	-
Other revenue	-	116,194	-	-
Gain on sale of property, plant and equipment	-	164	-	-
Total other income	698,174	996,626	500,000	880,268

4 Interest expense

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Interest on borrowings	50,720	41,258	-	2,940
Interest on finance lease arrangements	6,790	7,406	-	-
IRD Interest	6,624	13,737	-	-
Other interest	181	965	-	-
Total interest expense	64,315	63,366	-	2,940

5 Overhead and administrative expenses

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Salaries and employment costs	1,437,267	1,671,755	55,782	542,907
Tax filing penalties	-	195,119	-	2,080
Travel costs	140,280	108,146	25,677	6,673
Rent	90,273	91,354	7,497	8,152
Professional fees	66,083	128,019	62,756	72,288
Webhosting fee	134,916	103,899	115,947	97,118
Depreciation	17,972	12,897	-	1,488
Amortisation	158,622	2,174	158,622	1,695
Audit fees	19,230	24,501	19,230	24,501
Bad debts (note 7)	797,532	-	797,532	-
Loss on disposal of fixed assets	1,138	-	-	-
Other overhead and administrative costs	262,318	213,244	115,206	8,676
Total overhead and administrative costs	3,125,630	2,551,108	1,358,251	765,578
Less: salaries and wages capitalised	(582,675)	(769,633)	-	-
Total overhead and administrative costs expensed	2,542,955	1,781,475	1,358,251	765,578

In the year ended 30 June 2015 the subsidiary company, Vault GRC NZ Limited incurred costs of $ 582,675 (2014: 769,633) in the development of intellectual property, source code and associated materials for NGB Industries Limited.

As at 30 June 2015 $582,675 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited at cost (2014: $792,029).

Notes to the financial statements

5 Overhead and administrative expenses (continued)

Auditors remuneration	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Fees charged by Audit Firm:				
Financial statement audit	19,230	24,501	23,950	24,501
Advisory services including tax, R&D and governance advice	49,733	27,850	49,733	27,850
Total fees paid to audit firm	68,963	52,351	73,683	52,351

6 Income tax expense

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Taxable Income Reconciliation				
Profit/(Loss) before income tax	277,664	1,290,930	(208,959)	296,441
Permanent differences	201,738	(125,618)	346,082	2,287
Temporary differences	149,962	(615,847)	151,420	(816,370)
Taxable income	629,364	549,465	288,543	(517,641)
Tax losses carried forward/ (utilised)	(407,499)	(549,465)	(288,543)	517,641
Taxable income	221,864	-	-	-
Tax expenses @ 30% (New Zealand Subsidiary: 28%)	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 $Nil (2014: 550,709).

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

Income tax receivable/ (payable)	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Opening balance	-	10,431	-	-
Income tax expense	72,378	-	-	-
Income tax paid	-	(10,431)	-	-
Closing balance	72,378	-	-	-

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Notes to the financial statements

7 Trade and other receivables

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade debtors	247,337	247,459	49,514	121,018
D Moylan (Director and Shareholder) current account	-	-	-	-
VCS Receivable	-	832,609	-	832,609
Less VCS unearned interest	-	(35,989)	-	(35,989)
Total	247,337	1,044,079	49,514	917,638

The Parent 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 was payable in instalments over the next 12 months.

No payments have been received from VCS receivable in the year and the Directors have resolved that this balance be written off. The Parent has issued a Notice to Rectify in March 2015, notifying VCS that if the agreed payments are not received the contract will be cancelled.

Subsequent to balance no payments have been received from VCS is relation to the original distribution rights agreement.

8 Bank overdraft

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

9 Trade and other payables

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade Creditors	141,369	99,634	94,201	47,831
Accruals	17,339	134,045	-	49,918
Payable to IRD (GST, PAYE and Penalties)	294,795	567,519	9,189	23,306
Other Payables	59,791	20,521	-	-
Total trade and other payables	513,294	821,719	103,390	121,055

In the current year the subsidiary company, Vault GRC NZ Ltd, reached 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.

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

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Notes to the financial statements

10 Inter-group balances

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Vault GRC NZ Limited	-	-	697,743	559,258
Vault GRC Australia Pty Ltd	-	-	92,724	-
Platinum Safety Pty Limited	-	-	105,221	186,522
Total balance payable	-	-	895,688	745,780

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

All balances are payable on demand and interest free.

11 Property Plant & Equipment

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Vehicles				
Cost	74,928	78,064	-	-
Accumulated depreciation	(63,110)	(60,403)	-	-
Carrying value	11,818	17,661	-	-
Computer equipment				
Cost	24,780	14,089	-	-
Accumulated depreciation	(10,431)	(9,899)	-	-
Carrying value	14,349	4,190	-	-
Plant				
Cost	5,352	10,307	-	-
Accumulated depreciation	(5,134)	(9,968)	-	-
Carrying value	218	339	-	-
Office furniture				
Cost	17,725	18,467	-	-
Accumulated depreciation	(10,495)	(9,506)	-	-
Carrying value	7,230	8,961	-	-
Leasehold improvement				
Cost	2,402	2,503	-	-
Accumulated depreciation	(1,276)	(939)	-	-
Carrying value	1,126	1,564	-	-
Total property, plant and equipment	34,741	32,715	-	-
Depreciation for the year	17,972	12,897		1,488

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Notes to the financial statements

12 Borrowings

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Westpac term loan	241,857	-		
Finance lease	14,698	20,669	-	-
Total Borrowings	256,554	20,669	-	-
Current	60,040	5,357	-	-
Non-current	196,514	15,312	-	-
Total	256,554	20,669	-	-

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

13 Related party loans

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Watchdogs Holdings	80,493	83,862	-	-
D Moylan (Director and Shareholder)	59,331	775,683	-	571,014
W Ackers (Shareholder)	-	190,748	-	-
K Little (Shareholder)	-	5,000	-	5,000
C & M Meaclem (Shareholder)	9,897			
Total related party loans	149,721	1,055,293	-	576,014
Current	9,897	-	-	-
Non-current	139,824	1,055,293	-	576,014
Total	149,721	1,055,293	-	576,014

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.

During the year $500,000 of the 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 the year $144,000 of W Ackers debts was capitalised and converted into equity.

C & M Meaclem are shareholders of the Parent Company. The balance is advance is due for settlement within the 12 months subsequent to year-end.

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Notes to the financial statements

14 Intangible Assets

	Group 2015	Group 2014	Parent 2015	Parent 2014
Software	$	$	$	$
Cost	8,319	5,676	-	-
Accumulated depreciation	(3,199)	(4,716)	-	-
Carrying value	5,120	960	-	-
Intellectual Property				
Cost	1,669,038	1,086,363	1,715,486	1,086,363
Accumulated depreciation	(453,538)	(294,916)	(453,538)	(294,916)
Carrying value	1,215,500	791,447	1,261,948	791,447
Website				
Cost	6,483	-	-	-
Accumulated depreciation	(1,891)	-	-	-
Carrying value	4,592	-	-	-
Total carrying value of intangible assets	1,225,212	792,407	1,261,948	791,447
Amortisation for the year	158,622	2,174	158,622	1,695

In the year ended 30 June 2015 the Parent and Group has capitalised $582,675 (2014: $791,880) of costs as intangible assets, being the development of intellectual property, source code and associated materials.

As at 30 June 2015 $629,124 of internally developed intangible assets had been sold to the Parent from Vault GRC NZ Limited (2014: $791,880).

15 Issued Capital

	Group 2015	Group 2014	Parent 2015	Parent 2014
	$	$	$	$
Opening	5,877,516	5,877,516	5,877,516	5,877,516
Shares issued in the year	264,000	-	264,000	-
Closing	6,141,516	5,877,516	6,141,516	5,877,516

The Parent has authorised share capital amount to 1,323,336 (2014: 1,179,336) ordinary shares.

Ordinary share 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.

	2015
The shares issued in the year ended 30 June 2015 were in exchange for:	$
Conversion of D Moylan debt in equity (Note 12)	100,000
Conversion of W Ackers debt in equity (Note 12)	144,000
D Lightfoot Director Services	10,000
T Innes Director Services	10,000
Total consideration for new shares issued in the year	264,000

Notes to the financial statements

16 Related party transactions

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

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

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

Inter-group receivable balances are disclosed in Note 10 of the financial statements.

Related party loans are disclosed in Note 13 of the financial statements.

Share-based payment transactions with related parties are disclosed in Note 15 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 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current year salaries, wages and fees	410,481	772,227	206,332	542,470
Total	410,481	772,227	206,332	542,470

17 Reconciliation the profit/(loss) for the year with net cash flows from operating activities

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Profit/(loss) for the year	205,286	1,290,930	(208,959)	296,441
Non cash items				
Depreciation	17,972	12,897	-	1,488
Amortisation	158,622	2,174	158,622	1,695
Director Loan forgiven	(500,000)	-	(500,000)	-
Expenses paid through related party account	-	504,570	9,985	504,570
Dierctor services settled by share based payment	20,000	-	20,000	-
Foreign currency translation movement	27,434	(198,485)	-	-
Movements in working capital				
(Increase)/decrease in trade debtors and other receivables	796,742	(912,771)	868,125	(414,516)
Increase/(decrease) in income tax payable	72,378	(10,431)	-	-
Increase/(decrease) in trade creditors and other payables	(310,875)	254,510	(17,665)	471,420
Net cash flows from operating activities	487,558	943,394	330,108	861,098

Notes to the financial statements

18 Capital commitments and contingent liabilities

The Parent and Group have no capital commitments or contingent liabilities at the reporting date (2014:None).

19 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 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Comprehensive profit/ (loss) for the year	240,529	1,053,164	(208,959)	296,441
Working capital deficit	(719,707)	(55,137)	(938,182)	53,292
Total Equity	203,908	(300,621)	339,166	284,125
Related party loans (note 13)	139,824	1,055,293	-	576,014

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.

20 Subsequent events

Subsequent to balance date the Group has entered into a Term Loan Agreement with Westpac New Zealand Limited for $300,000 repayable over 5 years at an interest rate of 6.75% currently fixed for two years.

The additional finance has been used to support the working capital of the Group and to settle New Zealand IRD liabilities.

No other 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 2015.

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 18 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 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 19 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 ______________________
DAVID LIGHTFOOT

Dated this 29th day of October 2015

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Crowe Horwath™

Auditors Independence Declaration under Section 307C of the Corporations Act 2001to the Directors of NGB Industries Limited

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

1) No contraventions of the auditor independence requirements of the *Corporations Act 2011* in relation to the audit; and

2) No contraventions of any applicable code of professional conduct in relation to the audit.

CROWE HORWATH MELBOURNE

John Gavens

Partner

MELBOURNE, Victoria
Date: 29 October 2015

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 18, which comprises the Statement of Financial Position as at 30 June 2015, 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.

Our firm has provided tax advisory and general business advisory services to the Company and Group, other than in this capacity, and in our capacity as auditors, we have no relationship with, or interests in, the Company and Group.

Crowe Horwath™

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 2015 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

- Going concern

Without qualifying our opinion we draw attention to Note 19 in the financial statements, which discloses the going concern position of the Company and Group. The Company disclosed total comprehensive loss of $208,959 for the year ended 30 June 2015 (2014: income $296,441) and, as of that date, the Company's current liabilities exceeded its current assets by $938,182 (2014: net current assets $53,292). The Group disclosed total comprehensive income of $240,529 for the year ended 30 June 2015 (2014: $1,053,164) and, as of that date, the Group's current liabilities exceeded its current assets by $719,707 (2014: $55,137).

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.

- Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

John Gavens

Partner

Melbourne Victoria
30 October 2015