

Bulletproof Group Limited

Interim Financial Statements

For the half-year ended 31 December 2014



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Directors' Report

The Directors of Bulletproof Group Limited present their report, together with the financial statements of the consolidated entity for the half-year ended 31 December 2014.

Director details

The Directors of Bulletproof Group during or since the end of the financial half-year up to the date of this report were:

- Mr Stephe Wilks
- Mr Anthony Woodward
- Mr David Paterson
- Mr Lorenzo Modesto

Operating Results

Profit from continuing operations of the consolidated group was \$808,496 (H1 FY14: loss of \$1,160,480) after providing for income tax. The underlying net loss after tax for the half-year was \$566,504 (H1 FY14: loss of \$229,171), net of gain on revaluation of financial liabilities (\$1,375,000). Underlying EBITDA for the half-year was \$1.2m (H1 FY14: \$965k), representing a 19.8% increase on the corresponding half-year, even with the substantial investment in growth in the period.

Total revenue for the half-year was \$11.9m (H1 FY14: \$8.1m), representing an increase of 46.5% on the corresponding half-year period. The result demonstrates very strong demand from customers for Managed Cloud services, combined with Bulletproof's market-leading position in bringing innovative Managed Cloud services and a suite of complementary products and services to the market.

The Board has chosen to present 'underlying' or non IFRS figures for EBITDA and NPAT in addition to statutory NPAT. The IFRS figures alone do not sufficiently represent the ongoing earnings of the Group in light of the entries associated with the reverse listing in January 2014 (a once off event in the history of the business). A reconciliation of the underlying to reported figures is set out below.

Reconciliation between non IFRS and IFRS financial information	31 December 2014 \$	31 December 2013 \$
Profit / (Loss) for the year from continuing operations	808,496	(1,160,480)
Adjustments to underlying:		
Gain on revaluation of financial liabilities (Performance B shares)	(1,375,000)	-
Expensed broker options	-	778,924
Acquisition costs	-	152,385
Underlying Profit / (Loss) for the year from continuing operations	(566,504)	(229,171)
Net Interest	60,809	169,935
Depreciation and amortisation expense	1,487,838	1,023,746
Income Tax Expense / (Benefit)	172,888	-
Underlying EBITDA for the year from continuing operations	1,155,031	964,510

All components in the above reconciliation have been reviewed in accordance with Australian Auditing Standards.

Review of operations

The period saw continued strong organic growth in Managed Cloud Services revenue, with those revenues now representing 42% of monthly recurring revenues (MRR). The \$4.2m of Managed Cloud Services revenue for the period compares with \$800k in the comparable period (H1 FY14), and with \$1.8m for the preceding period (H2 FY14), showing those revenues more than doubling from half-to-half. This result reinforces the Company's commanding position in the Cloud Services space, and is well above market growth trends of 25-30% annually.

The partnership with Amazon Web Services (AWS) continues to strengthen, with the Company awarded Premier Consulting Partner status for a second year, listing Bulletproof among 27 global Premier Partners worldwide. The Consulting and Professional Services division benefited from the investment in additional staff during the period, and is expected to deliver increased revenue and a more cohesive service to customers as they commence or continue their journey to the cloud.

At the same time, some contract renewal activity and migration to Managed Cloud services saw Managed Hosting revenues reduce compared with the previous period. We expect revenues in Managed Hosting to continue to be broadly maintained, with a decline to some extent over the coming years. Some customers will continue with their program of migrating from unmanaged co-location or on-premise systems to hybrid cloud, which combines Managed Hosting for some application workloads with Managed Cloud for others. This is delivered as a seamless offering that places Bulletproof at a unique advantage in the market.

The completion in December 2014 of the Pantha Corp acquisition brought on board 22 staff in the Cloud Consulting services area. This allows the Company to offer a more comprehensive service that helps customers to migrate more of their workloads from on-premise or unmanaged data centres to the cloud. With seven years' experience in Cloud Consulting, Pantha Corp represents one of the largest and most experienced independent consultants in the space. Pantha Corp and Bulletproof have worked together on a number of clients including Sydney Airports, and the integration of the business is well under way. Early signs are showing strong demand from within the existing customer base for consulting services, with a view to customers increasing their managed services spend with Bulletproof. In addition, we are seeing interest in Managed Services from Pantha Corp's enterprise client base.

The acquisition also brought on a director of Product Development, which will allow the Company to invest in the development of managed application platform products. These products will focus on the application infrastructure management and automation that is critical to customers' Cloud usage, and de-couple Managed Services revenues from underlying infrastructure costs.

The activities throughout the period further enhance the Company's position to take full advantage of the rapidly growing Cloud Services market, with the first-mover advantage and continued product and service development to keep pace with rapid change in the market resulting in a commanding leadership position for the future.

Along with the excellent financial and operational wins through the period, customer numbers continue to grow, with enterprise customer wins including Amaysim and Qantas, and an overall increase in average revenue per customer (ARPU), showing the trend in both customer size and total workload spend.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



Anthony Woodward

Director

26 February 2015

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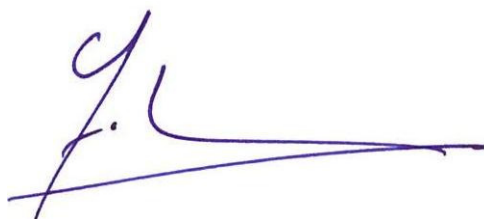
Auditor's Independence Declaration To The Directors of Bulletproof Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Bulletproof Group Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C F Farley
Partner - Audit & Assurance

Sydney, 26 February 2015

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Financial Statements

Bulletproof Group Limited
for the half-year ended 31 December 2014

Consolidated statement of financial position

As at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
Assets			
Current			
Cash and cash equivalents		4,319,652	2,242,904
Trade and other receivables		2,122,881	1,641,869
Current tax asset		432,253	125,581
Other current assets		1,604,655	598,594
Total current assets		<u>8,479,441</u>	<u>4,608,948</u>
Non-current			
Property, plant and equipment		4,836,808	5,444,766
Intangible assets		2,499,137	1,335,029
Goodwill	5	3,466,330	-
Deferred tax asset		419,486	298,248
Other non-current assets		106,692	106,692
Total non-current assets		<u>11,328,453</u>	<u>7,184,735</u>
Total assets		<u>19,807,894</u>	<u>11,793,683</u>
Liabilities			
Current			
Trade and other payables		3,370,148	2,453,700
Financial liabilities (Earn out payable Pantha Corp)	5	2,763,384	-
Financial liabilities (Class B Performance Shares)	8	6,250,000	-
Income received in advance		1,119,623	1,321,010
Provisions		387,434	253,055
Borrowings		1,603,892	2,105,758
Total current liabilities		<u>15,494,481</u>	<u>6,133,523</u>
Non-current			
Provisions		157,603	47,333
Borrowings		789,356	1,161,924
Financial liabilities (Class B Performance Shares)	8	-	7,625,000
Deferred tax liability		225,078	184
Total non-current liabilities		<u>1,172,037</u>	<u>8,834,441</u>
Total liabilities		<u>16,666,518</u>	<u>14,967,964</u>
Net assets/(liabilities)		<u>3,141,376</u>	<u>(3,174,281)</u>

	Notes	31 December 2014	30 June 2014
Equity		\$	\$
Issued capital		12,720,405	7,227,313
Share option reserve		778,924	778,924
Other components of equity		(8,383,289)	(8,383,289)
Other reserves		279,406	279,406
Foreign currency translation reserve		(21,641)	(35,710)
Retained earnings		(2,232,429)	(3,040,925)
Total equity		3,141,376	(3,174,281)

The accompanying notes form part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2014

	Notes	31 December 2014 \$	31 December 2013 \$
Sales revenue		11,353,035	8,127,868
Other revenue		558,792	1,337
Consumables used		(4,527,419)	(2,908,358)
Employee benefits expense		(4,496,489)	(3,506,821)
Depreciation and amortisation expense		(1,487,838)	(1,023,746)
Finance costs		(96,981)	(170,722)
Share based payments expense		-	-
Net gain on revaluation of financial liabilities	8	1,229,394	-
Other expense		(1,551,110)	(1,680,038)
Profit / (Loss) before tax		981,384	(1,160,480)
Income tax benefit / (expense)		(172,888)	-
Profit / (Loss) for the period from continuing operations		808,496	(1,160,480)
Loss for the period from discontinued operations	6	-	(3,128,064)
Profit / (Loss) for the period		808,496	(4,288,544)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		14,069	39,857
Other comprehensive income for the period, net of income tax		14,069	39,857
Total comprehensive income for the period		822,565	(4,248,687)
Earnings per share from continuing operations		Cents	Cents
- Basic earnings per share		0.83	(131.04)
- Diluted earnings per share		0.80	(131.04)
Earnings per share from discontinued operations			
- Basics earning per share		-	(353.22)
- Diluted earnings per share		-	(353.22)

The accompanying notes form part of these financial statements.

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Consolidated statement of changes in equity

For the half-year ended 31 December 2014

	Issued capital \$	Share option reserve \$	Other components of equity \$	Foreign currency translation reserve \$	Other reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2014	7,227,313	778,924	(8,383,289)	(35,710)	279,406	(3,040,925)	(3,174,281)
Issue of share capital	5,791,110	-	-	-	-	-	5,791,110
Capital raising costs	(298,018)	-	-	-	-	-	(298,018)
Transactions with owners	5,493,092	-	-	-	-	-	5,493,092
Loss for the year	-	-	-	-	-	808,496	808,496
Other comprehensive income	-	-	-	14,069	-	-	14,069
Total comprehensive income for the year	-	-	-	14,069	-	808,496	822,565
Balance at 31 December 2014	12,720,405	778,924	(8,383,289)	(21,630)	279,406	(2,232,429)	3,141,376

The accompanying notes form part of these financial statements.

For the half-year ended 31 December 2013

	Issued capital \$	Shares to be issued \$	Share option reserve \$	Other components of equity \$	Foreign currency translation reserve \$	Other reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2013	648	-	-	-	61,771	279,406	30,554	372,379
Issue of share capital	34	-	-	-	-	-	-	34
Shares to be issued pursuant to offer	-	2,835,000	-	-	-	-	-	2,835,000
Shares to be issued pursuant to acquisition	-	4,191,631	-	-	-	-	-	4,191,631
Issue of options	-	-	778,924	-	-	-	-	778,924
Reverse acquisition contingent consideration	-	-	-	(8,383,289)	-	-	-	(8,383,289)
Transactions with owners	34	7,026,631	778,924	(8,383,289)	-	-	-	(577,700)
Loss for the year	-	-	-	-	-	-	(4,288,544)	(4,288,544)
Other comprehensive income	-	-	-	-	39,857	-	-	39,857
Total comprehensive income for the year	-	-	-	-	39,857	-	(4,288,544)	(4,248,687)
Balance at 31 December 2013	682	7,026,631	778,924	(8,383,289)	101,628	279,406	(4,257,990)	(4,454,008)

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the half-year ended 31 December 2014

	31 December 2014	31 December 2013
Cash flows from operating activities	\$	\$
Receipts from customers	11,058,223	7,718,634
Payments to suppliers and employees	(10,884,523)	(7,013,710)
Income taxes paid	-	(22,855)
Net cash provided by operating activities	173,700	682,069
Cash flows from investing activities		
Purchase of intangibles	(1,055,015)	(104,795)
Purchase of property, plant and equipment	(365,119)	(2,054)
Purchase of businesses	(700,084)	-
Interest received	35,790	1,337
Cash acquired on acquisition	-	1,421,391
Net cash (used in)/provided by investing activities	(2,084,428)	1,315,879
Cash flows from financing activities		
Proceeds from the issue of capital	5,719,610	-
Transaction costs	(283,728)	-
Repayment of finance lease	(1,357,503)	(856,464)
Interest paid	(90,903)	(192,800)
Net cash provided by / (used in) financing activities	3,987,476	(1,049,264)
Net change in cash and cash equivalents held	2,076,748	948,684
Cash and cash equivalents at beginning of the period	2,242,904	679,076
Cash and cash equivalents at end of the period	4,319,652	1,627,760

The accompanying notes form part of these financial statements.

Notes to the interim financial statements

Bulletproof Group Limited
for the half-year ended 31 December 2014

1. Nature of operations

Bulletproof Group Limited and subsidiaries' (the Group) principal activities include Information Technology and Cloud Computing both locally and overseas.

Founded in 2000, Bulletproof is the leading Australian-owned mission critical cloud provider, providing Managed Cloud services to business, enterprise and government customers. Bulletproof has consistently been first to market with public and private cloud based services and innovations. Bulletproof was the first company in Australia to launch a public cloud service in 2006 and the first to launch a managed Amazon Web Services (AWS) offering in 2012.

2. General information and basis of preparation

The condensed interim consolidated financial statements of the Group are for the six months ended 31 December 2014 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2014 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2015.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services – managed services

Revenue is recognised where the contract outcome can be reliably measured, control of the right to be compensated for the services has been attained and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Where cash has been received for services yet to be performed pursuant to the agreement, the amount has been classified in the statement of financial position as "Income received in advance".

Revenue is recognised by the percentage of completion method. The percentage of completion is determined by reference to the extent of services performed to date on the agreement as a percentage of the total services to be performed under the agreement. Revenue is recognised in the financial period in which services are rendered.

Interest Income

Interest income and expenses are reported on an accrual basis using the effective interest method.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Business combination

On 11 December 2014, Bulletproof acquired the business assets of Pantha Corporation, a leading Cloud Consulting and Professional Services company. Pantha Corp is a major Consulting Partner with Amazon Web Services (AWS), with extensive experience in DevOps and Cloud enablement for major enterprise customers (such as a top 20 ASX listed client).

Purchase consideration

As consideration for the assets of Pantha Corp, Bulletproof issued the following:

	\$
Initial cash consideration	700,084
Fair value of deferred consideration	2,617,778
Total Consideration	<u>3,317,862</u>

The total consideration payable is based on a valuation performed by Bulletproof (using an EBITDA multiple) at the time of acquisition, representing the earnings potential of the business. As such the initial cash payment made was only \$700,084, made up of \$800,000 less payment for liabilities assumed (\$99,916), with the remaining \$2,317,778 (earn out) to be paid if certain targets are met over the next 18 months.

Fair value of the earn out

Under the principles of AASB 3: Business Combinations, contingent consideration is recognised at its fair value as part of the consideration transferred in exchange for the acquiree. The initial measurement of the fair value of contingent consideration is based on an assessment of the facts and circumstances that exist at the acquisition date.

The earn out payable is calculated via a mechanism in the agreement based on revenue, customer and product targets. The purchase consideration noted above is the maximum earn out payable, under the terms of the agreement. In determining the fair value of the earn out, management have considered the likelihood of Pantha Corp meeting the targets and have concluded this to be highly probable. The earn out is assessed and payable at each of three dates: 30 June 2015, 31 December 2015 and 30 June 2016.

At each reporting date, the remaining earn out payable will be revalued to fair value, based on the most recent information available to management regarding targets being met. Any adjustment to the earn out would be recorded against the Consolidated statement of profit or loss and other comprehensive income. Since the maximum earn out has been recorded on acquisition, the only possible changes would be to decrease the earn out, resulting in a credit being recorded in the statement of profit or loss and other comprehensive income.

The earn out is payable 50% in cash and 50% in shares. As a result of the share component converting into a variable number of shares, it has been treated as a financial liability, and will be recorded at fair value through the consolidated statement of profit or loss and other comprehensive income at each measurement period.

Fair value of the assets and liabilities acquired

The consideration for the acquisition has been apportioned against the fair value of the assets and liabilities acquired. Any excess in the purchase price over the net assets acquired has been recorded as goodwill.

The assets and liabilities acquired by Bulletproof are:

	Recognised on Acquisition
	\$
Initial cash consideration	700,084
Fair value of contingent consideration	2,617,778
Total consideration	<u>3,317,862</u>
Assets and liabilities assumed	
Prepayments	13,373
Employee provisions	(161,841)
	<u>(148,468)</u>
Less: Consideration paid/payable	3,317,862
Total goodwill acquired	<u><u>3,466,330</u></u>

Goodwill represents the earnings potential of the business and the key employees and cements Bulletproof's position as the leading listed Cloud Services company in Australia, by bringing far wider capability around cloud consulting to the company's existing, and prospective customers. The acquisition allows the Company to capture more revenue from the

Cloud Services budget of corporate, enterprise and government customers. The combined business is expected to yield additional growth in managed services as further application workloads are assessed and migrated to the cloud through the extended service offering.

Pantha Corp's product development capabilities will also accelerate Bulletproof's existing market leadership in bringing more application-specific and complex management services to the market, to meet customers' increasing demands.

Contribution to the Group results

As the acquisition took place on 11 December 2014, Pantha Corp had a minimal effect on the half-year. Pantha Corp has contributed \$186,995 and \$5,566 to the Group's revenues and profits respectively from the acquisition date. Had the acquisition taken place on 1 July 2014, the Group's revenue for the period to December 2014 is estimated to have been \$13,552,310 and the Group's profit is estimated to have been \$1,253,963. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments had applied from 1 July 2014, together with the consequential tax effects

Acquisition costs of \$26,605 have been recognised in other expense in the Statement of Profit or Loss and Other Comprehensive Income and in operating cash flows in the statement of cash flows.

6. Discontinued operations

Upon completion of the acquisition of Spencer Resources Limited on 24 December 2013, management decided to focus on the core business in Bulletproof Networks, and therefore it was determined that the operations within Bulletproof (formerly Spencer Resources) would be discontinued. Consequently the goodwill of \$3,128,064 that was recognised on consolidation was immediately impaired given that it was in relation to Bulletproof (formerly Spencer Resources).

7. Segment reporting

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group only operates in one business segment being managed services.

All segment assets and liabilities, and the segment result, relate to the one business segment and consequently no detailed segment analysis has been prepared.

The Group sources some of its revenue from the United States of America, and therefore presents the following split by geographic region.

	Sales to external customers		Assets	
	31 December 2014	31 December 2013	31 December 2014	30 June 2014
	\$	\$	\$	\$
Australia	11,227,089	8,038,092	18,859,914	10,990,263
United States of America	125,946	89,776	947,980	803,420
	<u>11,353,035</u>	<u>8,127,868</u>	<u>19,807,894</u>	<u>11,793,683</u>

Major customers

The Group supplies one single external customer in the managed services segment which accounts for \$657,014 or 5.79% (2013: \$1,567,866 or 19.29%) of external revenue of the Group. The next most significant customer in the managed services segment accounts for \$524,117 or 4.62% of the external revenue of the Group (2013: \$290,165 or 3.57%).

8. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- **level 3:** unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial liabilities measured at fair value at 30 June 2014:

31 December 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial liabilities				
Contingent Consideration	-	-	(6,250,000)	(6,250,000)
Earn out Payable	-	-	(2,763,384)	(2,763,384)
	<u>-</u>	<u>-</u>	<u>(9,013,384)</u>	<u>(9,013,384)</u>

Contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of Bulletproof Networks is estimated using a present value technique. The \$6,250,000 fair value is estimated by probability-weighting the estimated future cash outflows. The probability-weighted cash outflows are \$6,250,000 and reflect the management's estimate of a 100% probability that the contract's target level will be achieved. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows. A decrease to the probability by 10% would decrease the fair value by \$625,000.

Earn out Payable (Level 3)

In determining the fair value of the earn out in relation to the acquisition of Pantha Corp, management have considered the likelihood of Pantha meeting the targets and have concluded this to be highly probable. Management are confident that all targets will be met based on the current pipeline, therefore have valued the earn out at 100% probability for a total \$2,763,384.

	31 December 2014	30 June 2014
	\$	\$
Balance at start of period	7,625,000	-
Acquired through business combination	2,617,778	8,383,289
Gains recognised in profit or loss	(1,229,394)	(758,289)
Balance at year end	9,013,384	7,625,000

9. Issued Capital

The share capital of Bulletproof Group Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Bulletproof Group Limited.

	No. Shares December 2014	No. Shares June 2014	\$ Shares December 2014	\$ Shares June 2014
Shares issued and fully paid:				
Beginning of the year	73,324,667	648	7,227,313	648
Issue of capital	16,007,037	-	4,719,611	34
Recognition of shares in Bulletproof (formerly Spencer Resources) in accordance with the requirements of reverse acquisition accounting	-	-	-	-
		20,357,352		4,191,631
Shares issued pursuant to the offer	-	52,166,667	-	2,835,000
Conversion of performance A Shares	16,666,667	-	-	-
Conversion of options	5,000,000	800,000	1,000,000	200,000
	<u>110,998,371</u>	<u>73,324,667</u>	<u>12,946,924</u>	<u>7,227,313</u>

10. Post-Reporting Date Events

On 4 February 2015, 263,307 shares (at a value of 30 cents per share) were issued to employees under the General Employee Share Plan (GESP) approved at the Annual General Meeting 6 November 2014.

On 6 February 2015, 667,598 Options were exercised at a strike price of 20 cents per share.

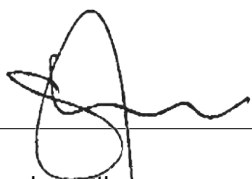
There have been no other significant events arising after the reporting date.

Directors' Declaration

1. In the opinion of the directors of Bulletproof Group Limited:

- a. The consolidated interim financial statements and notes of Bulletproof Group Limited are in accordance with the *Corporations Act 2001*, including
 - i. giving a true and fair view of its financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b. There are reasonable grounds to believe that Bulletproof Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Stephen Wilks
Chairman

Dated on 26 February 2015
Sydney



Anthony Woodward
Director

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Sydney NSW 2000

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Independent Auditor's Review Report To the Members of Bulletproof Group Limited

We have reviewed the accompanying half-year financial report of Bulletproof Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the

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auditor of Bulletproof Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

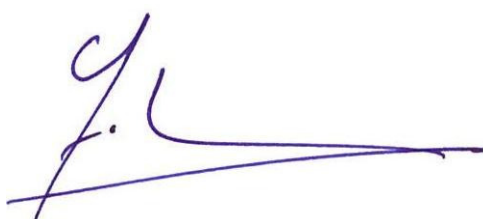
Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C F Farley
Partner - Audit & Assurance

Sydney, 26 February 2015

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