



VORTIV

2020 Annual Report

ABN 98 057 335 672

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DIRECTORS' REPORT

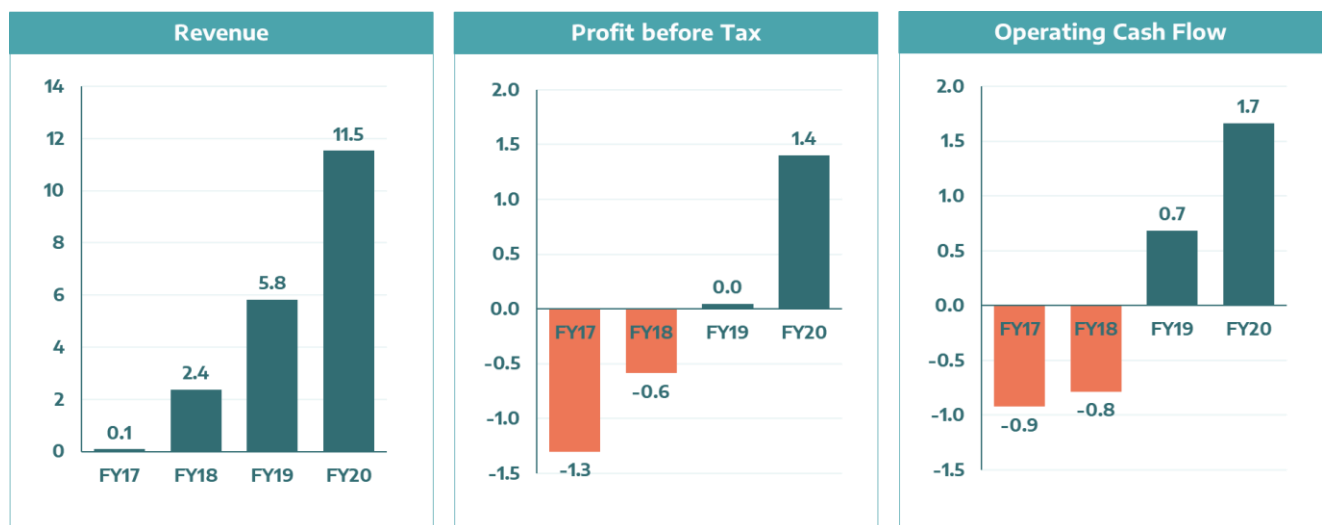
Your directors of Vortiv Limited ("VOR or the Company") submit herein the annual financial report of the company for the financial year ended 31 March 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows.

REVIEW OF OPERATIONS

The Group's principal activity during the year was the operations of Decipher Works Pty Ltd, a cyber security specialist and Cloudten Industries Pty Ltd, a cloud and cloud security specialist. The company continues to hold a minority interest in TSI India and to seek other business opportunities.

Growth trajectory showcasing Vortiv's transformation to a cloud and cyber security business

(All figures in \$ millions unless otherwise specified)



2020 showcases the key milestones achieved along the Company's transformation journey to become a profitable and growing cloud and cyber security business.

Having delivered three successive years of revenue growth and record profit, Vortiv is well positioned to build on this momentum in the high growth cloud and cyber security segments that it operates. The business remains strong, despite current economic conditions caused by the COVID-19 pandemic, due to:

- Vortiv's team of highly qualified professionals who are trusted and experienced in solving complex client requirements;
- Strong client relationship with financial institutions and large government agencies resulting in growing repeat and recurring revenue business; and
- Overall market expansion in cloud and cyber security due to increased spending by the government and financial institutions to combat cyber threats.

2020 financial highlights

\$11.5m
Revenue

\$1.4m
Profit before tax

\$1.7m
Operating cash flow

\$17.5m
Net assets

We delivered a record \$11.5 million in revenue and \$1.4 million in profit before tax for the financial year ended 31 March 2020 ("FY20").

During the year, both our operating businesses, Cloudten and Decipher Works achieved continued growth of revenue from our key customers through:

- Strong repeat business, recurring revenue stream and cross selling from loyal customer base
- Increasing average spend for the top 10 client to ~\$1.0 million per annum per client
- Increasing demand in the cloud and cyber security market

Vortiv's profit before tax from continuing operations was a record \$1.4 million mainly attributable to:

- Revenue growth
- Economies of scale in corporate and other overhead costs
- Strong utilisation of the Cloudten and Decipher Works professional staff

Profit is expected to continue to increase as revenue increases in the coming years.

Net cashflow from operating activities was equally strong at \$1.7 million. This increase enables the Company to meet all its financial obligations, with surplus to be used to pursue further investment opportunities.

Vortiv continued to deliver services to clients and secure new business to clients during the current COVID-19 lockdown. As a result of its loyal customer base and robust revenue stream, Vortiv expects to deliver a stronger revenue stream in the new financial year. Our focus will be on operational and commercial excellence as well as high-value growth with disciplined investments.

ATM Managed Services

Vortiv continues to hold its 24.89% passive investment and non-controlling interest in Transaction Solutions International (India) Private Limited ("TSI India").

For the year ended 31 March 2020, TSI India reported unaudited underlying EBITDA of \$2.0 million after removing one-off costs of \$1.0 million for ATM upgrade and logistic costs to decommission and dispose of old ATMs during the upgrade programme.

Revenue was \$51.3 million, slightly down from the previous year.

Each year the Company is required to obtain a valuation of TSI India to be in compliance with the accounting standards. The valuation estimated Vortiv's 24.89% holding to be between \$5.5 million and \$8.9 million. As described in note 10, the valuation adopted is a sum-of-parts methodology, consisting of a discounted cash flow and three different scenarios considering the below factors:

- Historical performance;
- TSI India's management projections;
- Local market conditions; and
- Global uncertainty including the potential impact of the COVID-19 pandemic

The Board adopted a conservative value of Vortiv's 24.89% stake in TSI India at \$5.5 million based on the lower end result in the independent valuation conducted by a global accounting firm.

The reduction over the year of \$4,250,000 (2019: decrease \$5,560,000) was taken to Financial assets at fair value through other comprehensive income (FVOCI) and FVOCI asset reserve.

DIRECTORS

The names of the VOR directors and secretary in office during the year and until the date of this report are as below. The directors were in office for this entire period unless otherwise stated.

Mr Gary Foster – Non-executive Chairman

Mr Gary Foster is the original co-founder of Vortiv Limited and was instrumental in establishing the original TSI India business and influential in expanding the direction of the company into the information technology services sector. Prior to VOR, Gary was Chief Executive Officer and Director of both ATM Systems Pty Ltd, an independent provider of electronic payments and banking systems to the SME sector which was acquired by Pulse International and Travelex in 2006, and B.W.K. LLC (Germany).

Mr Foster holds a Graduate Certificate of Management and is a member of the Australian Institute of Company Directors.

Mr Foster has held an executive directorship of listed entity Pearl Global Limited (ASX: PG1) from January 2018 to present.

Mr Jeffrey Lai – Executive Director

Mr Jeffrey Lai brings more than 25 years of experience in the financial services and technology sectors.

He was previously a Managing Director of Accenture, where he provided advice and solutions to banks in Southeast Asia. Prior to that, he was a Managing Director of Arthur D. Little, focused on the financial services and technology sectors across Asia Pacific and Middle East.

During the course of his career, he has worked in most countries across Asia, where he has an extensive network in the financial services and technology sectors.

He holds an Engineering degree (University of Melbourne) and MBA (INSEAD).

Mr Jeffrey Lai has not held any other directorships of publicly listed companies in the last three years.

Mr Gregg Taylor –Non-executive Director (appointed 09 October 2019)

Mr Gregg Taylor has 20 years of international business experience in financial markets, technology, sports administration, media and retail. Gregg is an Executive Director of Bombora Investment Management, a boutique investment house. Gregg has founded and managed multiple global operating businesses in sports, retail and media sectors.

Mr Taylor holds Bachelor of Commerce Degree from the University of Wollongong and was a CFA Charter holder.

Mr Taylor has held a directorship of listed entity Acrow Formwork and Construction Services Limited (ASX: ACF) from 17 August 2017 to present and unlisted entity Marketplacer Limited from November 2019 to present.

Mr Howard Digby –Non-executive Director

Mr Howard Digby began his career at IBM and has spent over 25 years managing technology related businesses in the Asia Pacific region, of which 12 years were spent in Hong Kong. More recently, he was with The Economist Group as Regional Managing Director. Prior to this he held senior management roles at Adobe and Gartner. Upon returning to Perth, Howard served as Executive Editor of WA Business News and now spends his time as an advisor and investor, having played key roles in several M&A and reverse takeover transactions.

Mr Digby holds a Bachelor of Engineering (Mechanical), Honours, from the University of Western Australia.

Mr Digby currently holds directorships in listed entities Cirralto Limited (ASX: CRO) appointed August 2019, 4DS Memory Limited (ASX: 4DS) appointed December 2015, Elsieht Limited (ASX: ELS) appointed December 2016, HearMeOut Limited (ASX: HMO) appointed December 2018.

Directorships held in other listed entities in the last three years is Estrella Resources Ltd (ASX: ESR) from July 2015 to April 2017 and ImExHS Limited (ASX: IME) formerly Omni Market Tide Limited (ASX: OMT) from August 2017 to April 2020.

Mr Gernot Abl –Non-executive Director (resigned 31 July 2019)

Mr Gernot Abl is currently the Managing Director of ASX listed, Esports Mogul Limited. He currently holds directorships in several technology start-ups.

His career background is in corporate advisory, where he held roles at Andersen & Deloitte, assisting in the restructuring of distressed companies.

Mr Abl holds a Commerce/Law degree from the University of Western Australia.

Mr Abl has held a directorship of listed entity Esports Mogul Ltd (ASX: ESH) from November 2016 to present.

Mr Phillip MacLeod – Company Secretary

Mr MacLeod has over 25 years commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to Australian and international public companies involved in the resource, technology, healthcare and property industries.

Mr MacLeod is a Fellow of the Governance Institute of Australia, a member of the Australian Institute of Company Directors and a member of CPA Australia.

DIRECTORS' INTEREST

As at the date of this report, the Directors interest in securities (post 1:20 consolidation) of Vortiv Limited are as follows:

Director	Director's Interest	
	Shares (Nos.)	Options (Nos.)
Gary Foster	8,141,940	200,000
Jeffrey Lai	497,059	1,592,280
Howard Digby	147,059	273,530
Gregg Taylor	-	200,000

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the operation of Decipher Works Pty Ltd, a cyber security company and Cloudten Industries Pty Ltd, a cloud and cloud security company. In addition, VOR continued to hold a non-controlling interest in TSI India, a business network of operating bank automated teller machines and bill payment systems in India.

RESULTS OF OPERATIONS

The operating profit after income tax of the Company for the year was \$2,276,690 (2019: \$47,540).

The basic and diluted gain per share for the Company for the year was 2.06 cents (2019: 0.04 cents).

No dividend has been paid during the year, nor is it recommended for the year ended 31 March 2020. (2019: Nil)

FINANCIAL POSITION

The net assets of the company have increased by \$1,319,072 since 31 March 2019 to \$17,542,348. This is the result of a decrease in the company's reserve of \$4,279,052, an increase in share equity of \$3,291,435, a decrease in accumulated losses of \$2,306,690 due to the expiration of options not exercised and an operating profit incurred during the year of \$2,276,690.

The Company's working capital, being current assets less current liabilities, was \$426,303 at 31 March 2020, an increase of \$3,839,101 from 31 March 2019 primarily due to the completion of the Cloudten acquisition.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year not otherwise dealt with in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 30 March 2020, at the General Meeting, the shareholders approved to consolidate the issued capital of the Company on the basis that every 20 shares and options on issue be consolidated into one share and option on issue with an effective date of 3 April 2020. For clarity, this report presents the number of shares and options at the pre consolidation amounts (unless otherwise noted) and the earnings per share at the post consolidation amounts.

Subsequent to the balance date there were no other matters or circumstances that have arisen since the end of the year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in the future financial years.

Reconciliation to Preliminary Results

The following table reconciles the statutory consolidated statement of financial position to the preliminary consolidated statement of financial position in the Appendix 4E.

Consolidated statement of financial position	Appendix 4E \$000	Adjustments \$000	Statutory Financial Report \$000
Financial assets at fair value through other comprehensive income	9,780	(4,250)	5,530
FVOCI reserve	4,476	(4,250)	226
Deferred tax asset	1,574	(310)	1,264
Trade and other payables	1,550	56	1,606
Provisions - current	199	(199)	-
Provisions - non-current	-	143	143
Accumulated losses	(24,322)	(310)	(24,632)

The fair value of investments in TSI India has been finalised subsequent to the preliminary financial report.
The calculation of deferred tax assets has been finalised subsequent to the preliminary financial report.
Movement of provisions for long service leave was moved from current to non-current.

LIKELY DEVELOPMENTS

The Company will focus on the business strategies and prospects outlined in the Review of Operations section of this report. These activities are inherently risky, and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. If any or all of these activities are or are not successfully completed, the Company's financial prospects may materially change; therefore, the Board is unable to provide any further comment on likely developments or expected results.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

SHARE OPTIONS

Options over ordinary shares of the Company as at the reporting date are as follows:

Date granted	Expiry date	Fair value per option at grant date \$	Exercise price \$	Number of options
15 December 2017	15 September 2020	.0115	.011	6
28 March 2018	03 April 2020	.008	.017	48,181,818
28 March 2018	03 April 2020	.008	.020	5,000,000
29 August 2018	23 September 2020	.007	.0851	30,375,000
07 February 2019	06 February 2021	.008	.0122	1,000,000
30 March 2020	30 March 2022	.005	.013	11,000,000

11,000,000 options (550,000 post consolidation) were issued on 30 March 2020 to Gary Foster, Gregg Taylor and Howard Digby as part of the incentive component of their remuneration.

No option holder has any right under the options to participate in any other share issue of the Company or of any other controlled entity. 127,367,656 (6,368,383 post consolidation) options were exercised during the year. 122,838,244 (6,141,913 post consolidation) options expired during the year.

INDEMNIFICATION OF AUDITORS AND DIRECTORS

Under its Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

No indemnity was implemented in respect of auditors.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under legislation such as section 237 of the Corporations Act of Australia for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company entity with leave of the court under such legislation.

NON-AUDIT SERVICES

The auditors of the Company have been engaged to provide certain taxation related services during the year. The details of their remuneration have been presented in note 4 to the financial statements.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 March 2020 has been received and is included in this financial report.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) as permitted under the Australian Securities and Investment Commission (ASIC) Corporations Instrument 2016/191.

DIRECTORS MEETINGS

The number of meetings attended by each Director of the Company during the year was:

Director	Eligible Number of meetings	
	Held	Attended
Gary Foster	5	5
Jeffrey Lai	5	5
Gregg Taylor	4	4
Howard Digby	5	5
Gernot Abl	1	1

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Company.

Key Management Personnel

The KMP of the Company during the current year and the prior financial year were:

Name	Role
Mr. Gary Foster	Chairman, non-executive director
Mr. Jeffrey Lai	Executive director
Mr. Gernot Abl	Non-executive director (resigned 31 July 2019)
Mr. Gregg Taylor	Non-executive director (appointed 9 October 2019)
Mr. Howard Digby	Non-executive director

Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration of KMPs

Details of the nature and amount of each element of the emoluments of each director of the Company are as follows:

Year ended 31 March 2020	Short term benefit Salary & fees	Post-employment Benefits	Equity Compensation Benefits	Total	Compensation based on performance
	\$000	\$000	\$000	\$000	%
Gary Foster	72	-	7	79	8.9
Jeffrey Lai	183	17	-	200	-
Gernot Abl*	12	-	-	12	-
Howard Digby	36	-	5	41	12.2
Gregg Taylor**	20	-	7	27	25.9
Total	323	17	19	359	5.3

*resigned 31 July 2019

**appointed 9 October 2019

Year ended 31 March 2019	Short term benefit Salary & fees	Post-employment Benefits	Equity Compensation Benefits	Total	Compensation based on performance
	\$000	\$000	\$000	\$000	%
Gary Foster	72	-	-	72	-
Jeffrey Lai	183	17	84	284	29.6
Gernot Abl*	36	-	-	36	-
Howard Digby**	14	-	6	20	30.0
Total	305	17	90	412	21.8

*resigned 31 July 2019

**appointed 13 November 2018

Options: Granted and vested to KMPs

Year ended 31 March 2020	Opening Balance	Number acquired during the year	Granted as remuneration	Expired	On leaving	Closing Balance
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.
Jeffrey Lai	34,786,764	-	-	2,941,176	-	31,845,588
Howard Digby	5,411,764	-	3,000,000	2,941,176	-	5,470,588
Gary Foster	-	-	4,000,000	-	-	4,000,000
Gregg Taylor*	-	-	4,000,000	-	-	4,000,000
Total	40,198,528	-	11,000,000	5,882,352	-	45,316,176

*appointed 9 October 2019

Year ended 31 March 2019	Opening Balance	Number acquired during the year	Granted as remuneration	Expired	On leaving	Closing Balance
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.
Jeffrey Lai	-	34,786,764	-	-	-	34,786,764
Howard Digby*	-	5,411,764	-	-	-	5,411,764
Total	-	40,198,528	-	-	-	40,198,528

*appointed 13 November 2018

Share-based compensation arrangement to KMPs

Mr Howard Digby received 3,000,000 (150,000 post consolidation) options and Mr Gary Foster and Mr Gregg Taylor each received 4,000,000 (200,000 post consolidation) options as part of the incentive component of their remuneration.

Shareholding of KMPs

Year ended 31 March 2020	Balance at 1 April 2019 Nos.	Acquired during the year Nos.	Sold during the year Nos.	Other Nos.	Balance at 31 March 2020 Nos.
Gary Foster	176,158,478	-	13,319,731	-	162,838,747
Jeffrey Lai	2,941,176	7,000,000	-	-	9,941,176
Howard Digby*	2,941,176	-	-	-	2,941,176
Total	182,040,830	7,000,000	13,319,731	-	175,721,099

Year ended 31 March 2019	Balance at 1 April 2018 Nos.	At appointment date Nos.	At resignation/leaving date Nos.	Other Nos.	Balance at 31 March 2019 Nos.
Gary Foster	176,158,478	-	-	-	176,158,478
Jeffrey Lai	-	2,941,176	-	-	2,941,176
Howard Digby*	-	2,941,176	-	-	2,941,176
Total	176,158,478	5,882,352	-	-	182,040,830

*appointed 13 November 2018

Service agreements

The Company has a formal service agreement with Mr Jeffrey Lai, Chief Executive Officer. His agreement commencement date was 20 March 2017. Remuneration is \$200,000 inclusive of superannuation guarantee. Other benefits include mobile phone and laptop computer. Post probation period incentive package to include options with a 3-year term subject to achievement of specific performance hurdles.

Convertible notes of KMPs

Vortiv offered convertible notes to KMP and employees (see note 14) during the year ended 31 March 2018. Gary Foster and Jeffrey Lai accepted the offer as disclosed below.

	Face Value	Balance at 31 March 2020 Nos.	Balance at 31 March 2019 Nos.
Gary Foster	500,000	1	1
Jeffrey Lai	50,000	1	1
Total	550,000	2	2

Vortiv did not engage in any other transactions with KMPs, other than in their capacity as shareholders of the company.

Performance of the Company for the last five years

The performance of the Company and the impact on shareholder wealth are noted below.

	31 Mar 20 \$000	31 Mar 19 \$000	31 Mar 18 \$000	31 Mar 17 \$000	31 Mar 16 \$000
Revenue	11,533	5,821	2,366	92	125
Net profit / (loss) before tax	1,401	143	(587)	(1,303)	(994)
Net profit / (loss) after tax	2,276	48	(587)	(1,303)	(994)
	Cents	Cents	Cents	Cents	Cents
Share price at beginning	14.0	16.0	34.0	68.0	8.0
Share price at the end	10.0	14.0	16.0	34.0	68.0
Dividends paid	-	-	-	-	-
Basic earnings per share	2.06	0.04	(0.60)	(1.40)	(1.20)
Diluted earnings per share	2.06	0.04	(0.60)	(1.40)	(1.20)

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Jeffrey Lai', with a stylized flourish at the end.

Jeffrey Lai
Perth, 30th June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2020 \$000	Year ended 31 March 2019 \$000
Continuing operations			
Revenue from contracts with customers	2	11,421	5,801
Finance income		10	20
Other income		102	-
Revenue		11,533	5,821
Cost of sales		(2,668)	(802)
Gross profit		8,865	5,019
Employee benefits expenses		(6,443)	(3,498)
Professional services		(382)	(384)
Research & development		(177)	(75)
Business Acquisition costs		-	(119)
Due diligence		-	(42)
Depreciation expenses		(38)	(16)
Depreciation of right of use assets		(92)	-
Finance costs		(94)	(100)
Share based payments		(19)	(90)
Fair value adjustment on contingent consideration	12	420	-
Other expenses		(639)	(552)
Profit before tax from continuing operations		1,401	143
Income tax benefit	5	1,264	-
Profit after tax from continuing operations		2,665	143
Loss from discontinued operations	6	(389)	(95)
Profit after tax for the year		2,276	48
Other comprehensive income/(loss)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Foreign currency movement in translation of foreign operations		(4)	(4)
Exchange difference on translation of discontinued operation		(14)	-
Movement in fair value of financial assets designated at fair value through other comprehensive income		(4,250)	(5,560)
Other comprehensive income/(loss) for the period		(4,268)	(5,564)
Total comprehensive income/(loss) for the period attributable to members		(1,992)	(5,516)
Earnings/(Loss) per share pre-consolidation			
Basic earnings per share from continuing operations (cents per share)		2.06	0.04
Diluted earnings per share from continuing operations (cents per share)		2.06	0.04
Basic loss per share from discontinued operations (cents per share)		0.30	0.08
Diluted loss per share from discontinued operations (cents per share)		0.30	0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Mar 2020 \$000	31 Mar 2019 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,054	2,411
Trade and other receivables	9	2,068	1,348
Contract assets		217	147
Prepayments		94	69
Total Current Assets		3,433	3,975
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	10	5,530	9,780
Deferred tax asset	5	1,264	-
Plant & equipment	11	109	87
Right of use asset		57	-
Goodwill	12	10,945	10,945
Total Non-current Assets		17,905	20,812
TOTAL ASSETS		21,338	24,787
LIABILITIES			
Current Liabilities			
Payable to Cloudten Vendors	12	27	5,403
Trade and other payables	13	1,606	1,238
Contract liabilities		581	-
Lease liabilities		56	-
Convertible note	14	737	747
Total Current Liabilities		3,007	7,388
Non-Current Liabilities			
Payable to Cloudten Vendors	12	646	1,093
Provisions	15	143	82
Total Non-Current Liabilities		789	1,175
TOTAL LIABILITIES		3,796	8,563
NET ASSETS		17,542	16,224
EQUITY			
Contributed equity	16	41,789	38,498
Reserves	17	385	4,664
Accumulated losses		(24,632)	(26,938)
TOTAL EQUITY		17,542	16,224

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
Cash flows from operating activities			
Receipt from customers		11,198	6,108
Payments to employees		(6,372)	(3,499)
Payments to suppliers		(3,159)	(1,709)
Payments for research & development		(176)	(67)
Income taxes received/(paid)		168	(168)
Interest received		4	20
Net cash inflow/(outflow) from operating activities		1,663	685
Cash flows from investing activities			
Net cash inflow/(outflow) on acquisition of business	12	(5,596)	(1,577)
Net cash inflow/(outflow) on discontinued operations	6	(443)	-
Payment for plant & equipment		(61)	(34)
Net cash inflow/(outflow) from investing activities		(6,100)	(1,611)
Cash flows from financing activities			
Proceeds from issue of shares		2,000	2,025
Proceeds from exercise of options		1,393	-
Repayment of convertible notes	15	(98)	-
Share issue costs		(101)	(173)
Principal elements of lease payments		(89)	-
Net cash inflow/(outflow) from financing activities		3,105	1,852
Net increase/(decrease) during the period		(1,332)	926
Cash and cash equivalents at the beginning of the period		2,411	1,490
Effect of exchange rate movements on foreign currencies		(25)	(5)
Cash and cash equivalents at the end of the period		1,054	2,411

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed equity	Convertible note reserve	Foreign currency translation reserve	FVOCI reserve	Share- based payment reserve	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2018	36,644	52	5	10,036	590	(27,561)	19,766
Net profit/(loss) for the period	-	-	-	-	-	48	48
Total other comprehensive income/(expense)	-	-	(4)	(5,560)	-	-	(5,564)
Total comprehensive income/(expense) for the period	-	-	(4)	(5,560)	-	48	(5,516)
Issue of shares	2,025	-	-	-	-	-	2,025
Issue costs	(171)	-	-	-	30	-	(141)
Share based payments	-	-	-	-	90	-	90
Expired options transferred to accumulated losses	-	-	-	-	(575)	575	-
Balance at 31 March 2019	38,498	52	1	4,476	135	(26,938)	16,224
Net profit/(loss) for the period	-	-	-	-	-	2,276	2,276
Total other comprehensive income/(expense)	-	-	(18)	(4,250)	-	-	(4,268)
Total comprehensive income/(expense) for the period	-	-	(18)	(4,250)	-	2,276	(1,992)
Issue of shares	3,513	-	-	-	-	-	3,513
Issue costs	(222)	-	-	-	-	-	(222)
Share based payments	-	-	-	-	19	-	19
Expired options transferred to accumulated losses	-	-	-	-	(30)	30	-
Balance at 31 March 2020	41,789	52	(17)	226	124	(24,632)	17,542

NOTES TO ACCOUNTS

1. GENERAL INFORMATION

Corporate information

Vortiv Limited is a company domiciled in Australia. These consolidated financial statements comprise Vortiv Limited, a company incorporated in Australia and its subsidiaries ("the Group") as at and for the year ended 31 March 2020.

The Group's principal activity during the year was the operations of Decipher Works Pty Ltd, a cyber security specialist and Cloudten Industries Pty Ltd, a cloud and cloud security company. In addition, the company continued to hold a non-controlling interest in TSI India, a company installing and managing a network of ATMs on behalf of major banks in India.

This financial report was approved and was authorised for issue by the Directors on the date of the Directors' declaration.

Components of the Company

The Company financial statements represent the financial position of Vortiv Limited, and the other entities within the Company at 31 March 2020 and their financial performance, cash flows and changes in equity for the year ended on that date.

The Company comprises of the following entities:

		Extent of control	
	Incorporation	31 Mar 2020	31 Mar 2019
<u>Accounting parent</u>			
Vortiv Limited (“VOR”)	Australia		
<u>Controlled entities</u>			
Decipher Works Pty Ltd	Australia	100%	100%
Cloudten Industries Pty Ltd	Australia	100%	100%
Cloudten Industries Ltd	United Kingdom	100%	100%
Cloudten Industries Pte Ltd	Singapore	100%	100%
Transaction Solutions International Pty Ltd	Australia	100%	100%
Transaction Solutions International (Mauritius) Pty Limited	Mauritius	100%	100%

The Company retains a non-controlling 24.89% interest in TSI India.

Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial statements comprise the consolidated financial statements for the Group. For purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The financial statements have been prepared on the basis of historical costs, unless specifically stated otherwise in the notes. Cost is based on the fair value of the consideration given or received at the time of the transaction.

The financial statements have been presented in Australian dollars.

Statement of compliance

This financial report complies with Australian Accounting Standards, which include equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

Critical accounting judgements and key sources of estimation and uncertainty

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurements

The Company has investments in unlisted shares that are not traded in an active market but that are classified as Fair value through other comprehensive income (FVOCI) financial assets and stated at fair value because the directors consider that fair value can be reliably measured. Fair value is determined in the manner described in note 10. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses where the losses exceed prior revaluation increments, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon the Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment. (refer Note 5)

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 18.

Adoption of new and revised Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

In the current year, the Group has applied *AASB 16 Leases* issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

AASB 16 Leases

The Group has adopted *AASB 16 Leases* with effect from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

AASB 16 introduces a new framework for accounting for leases and replaces *AASB 117 Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate as of 1 April 2019. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.5%.

The following table provides a reconciliation of the operating lease commitments disclosed in note 21 to the expected total lease liability to be recognised at 1 April 2019:

	\$000
Operating lease commitments as at 31 March 2019	93
Less: short-term leases included in commitments	(34)
Add: Costs of reasonably certain extension options	94
Less: Effect of discounting	(8)
Lease liabilities recognised at 1 April 2019	145

	\$000
Split between:	
Current lease liabilities	93
Non-current lease liabilities	52
	145

Recognise right-of-use assets related to the following types of assets:

	31 Mar 2020 \$000	1 Apr 2019 \$000
Properties	57	149

The impact on the Group Consolidated Income Statement is:

	\$000
Decrease in operating lease expense	94
Increase in finance costs	(6)
Increase in Right-of-Use Assets depreciation	(92)
Decrease/(increase) in Profit before Tax	(4)

The impact on the Group's segment disclosure is:

	IT Services \$000	Corporate \$000	Total \$000
Segment Assets	57	-	57
Segment Liabilities	56	-	56

Segment assets and segment liabilities for 31 March 2020 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities and right of use assets are now included in segment assets. Only the above segments were materially affected by the change in policy.

The change in earnings per share was nil for the twelve months to 31 March 2020 as a result of the adoption of AASB 16.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- To measure the right of use asset on transition at an amount equal to the lease liability (as adjusted for prepaid or accrued lease payments);
- Not to recognise low-value or short-term leases on the balance sheet. Costs for these lease arrangements will continue to be expensed;
- To use a single discount rate for a portfolio of leases with reasonably similar characteristics;
- To use hindsight in determining the lease term where lease contracts include options to extend or terminate the lease.

The Group's leasing activities and how these are accounted for

The Group leases office space. Until the 2019 financial year, leases of commercial properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability net of any previously recognised onerous lease provisions; and
- Any restoration costs applicable to the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment.

Standards and interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 31 March 2020. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group; therefore, no change is necessary to Group accounting policies.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from contracts with customers from professional services and the sale of software licenses and partner services at a point in time and over time. This is consistent with the revenue information that is disclosed for each reportable segment under *AASB 8 Operating Segments* as disclosed in note 3.

	31 March 2020 \$000	31 March 2019 \$000
IT Services – Professional services	8,973	4,884
IT Services – Sale of software licenses and partner services	2,448	917
Revenue from contracts with customers	11,421	5,801

3. SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) in order to effectively allocate Group resources and assess performance.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer in the capacity of the CODM. Two operating segments have been identified around differences in products and services.

One segment, being holder of a minority interest in TSI India, a specialist in providing solutions in the payments, electronic surveillance and managed services space. The other being IT (Information Technology) services through its wholly owned subsidiaries, Decipher Works Pty Ltd, a cyber security specialist and Cloudten Industries Pty Ltd, a cloud and cloud security specialist.

Revenue from contracts with customers is derived from the IT services segment. A further breakdown is provided in note 2.

	TSI India \$000	IT Services \$000	Corporate \$000	Total \$000
31 March 2020				
Revenue from contracts with customers	-	11,421	-	11,421
Other income	-	102	-	102
Revenue	-	11,523	-	11,523
Operating expenses	-	(9,314)	-	(9,314)
Corporate expenses	-	-	(591)	(591)
Foreign currency gains/(losses)	-	(7)	-	(7)
EBITDA*	-	2,202	(591)	1,611
31 March 2019				
Revenue from contracts with customers	-	5,801	-	5,801
Other income	-	-	-	-
Revenue	-	5,801	-	5,801
Operating expenses	-	(4,462)	-	(4,462)
Corporate expenses	-	-	(1,032)	(1,032)
Foreign currency gains/(losses)	-	(2)	-	(2)
EBITDA*	-	1,337	(1,032)	305

*EBITDA is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition costs, capital gains/losses and equity accounted results from associate companies.

A reconciliation of EBITDA to operating profit before tax for the period is as follows:

	31 March 2020 \$000	31 March 2019 \$000
EBITDA	1,611	305
Depreciation & Amortisation	(130)	(16)
EBIT	1,481	289
Finance income	10	20
Finance expense	(94)	(100)
Acquisition costs	4	(161)
Profit/(loss) before tax	1,401	48

	TSI India \$000	IT Services \$000	Corporate \$000	Total \$000
31 March 2020				
Segment assets				
Cash and term deposits	-	1,025	29	1,054
Trade and other receivables	-	2,050	18	2,068
Contract assets	-	217	-	217
Prepayments	-	46	48	94
Financial assets	5,530	-	-	5,530
Goodwill	-	10,945	-	10,945
Deferred tax asset	-	-	1,264	1,264
Plant and equipment	-	108	1	109
Right of use assets	-	57	-	57
Total segment assets	5,530	14,447	1,361	21,338
Segment liabilities				
Payable to Cloudten Vendors	-	-	673	673
Trade and other payables	-	1,396	210	1,606
Contract liabilities	-	581	-	581
Provisions	-	143	-	143
Lease liabilities	-	56	-	56
Convertible note	-	-	737	737
Total segment liabilities	-	2,176	1,620	3,796
NET SEGMENT ASSETS	5,530	12,271	(259)	17,542
31 March 2019				
Segment assets				
Cash and term deposits	-	2,062	349	2,411
Trade and other receivables	-	1,339	9	1,348
Contract assets	-	147	-	147
Prepayments	-	61	8	69
Financial assets	9,780	-	-	9,780
Goodwill	-	10,945	-	10,945
Plant and equipment	-	85	2	87
Total segment assets	9,780	14,639	368	24,787
Segment liabilities				
Payable to Cloudten Vendors	-	(197)	6,693	6,496
Trade and other payables	-	943	295	1,238
Provisions	-	82	-	82
Convertible note	-	-	747	747
Total segment liabilities	-	828	7,735	8,563
NET SEGMENT ASSETS	9,780	13,811	(7,367)	16,224

4. PROFIT AND LOSS ITEMS

	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
Loss for the year includes:		
Auditors' remuneration		
Paid/payable to parent entity auditor, Bentleys (WA) Pty Ltd		
For audit and review of financial statements	52	45
For taxation services	11	6
	63	51
Paid/payable to auditors of subsidiary entities		
For audit and review of financial statements	8	17
For taxation services	2	3
	10	20

5. INCOME TAXES RELATING TO CONTINUING OPERATIONS

Income tax recognised in profit or loss

No income tax is payable by the Group for income tax purposes for the year.

Income tax reconciled to the accounting profit

	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
Profit for the year from continuing operations	1,401	48
Income tax using the Australia tax rate of 27.5%	385	13
<i>Adjustment for:</i>		
Effect of different tax rate in Mauritius of 15%	6	12
Effect of permanent non-deductible items	(106)	25
Effect of previously unrecognised deferred tax assets now recognised	(1,264)	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	(41)
Under recognition in prior year of deferred tax assets not brought to account as future income tax benefits	(285)	(9)
Tax benefit recognised in Statement of profit or loss and other comprehensive income relating to continuing operations	(1,264)	-

Income tax recognised in other comprehensive income

	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
Arising on income and expenses reclassified from equity to profit or loss:		
Capital raising costs	21	(38)

Recognised and unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. The Group intends to settle its current tax assets and liabilities on a net basis. The following is an analysis of the deferred tax balances for financial reporting purposes:

	31 Mar 2020 \$000	31 Mar 2019 \$000
Trade and other receivables	(60)	-
Trade and other payables	171	10
Business acquisition costs	-	64
Capital raising costs	48	50
Employee entitlements	61	148
Right of use assets	3	-
Carried forward tax losses	1,041	1,388
Net tax assets	1,264	1,660
Recognised tax assets and liabilities	1,264	-
Unrecognised tax assets and liabilities	-	1,660

Given this is the first year the Group has reported a significant profit, the directors have agreed to recognise a deferred tax asset for year ended 31 March 2020.

6. DISCONTINUED OPERATIONS

Disposal of international operations

On 27 February 2020, the Company announced the closure of Cloudten's international operations in the United Kingdom (UK) and Singapore to further pursue and focus on its growth strategy in Australia and to build on the strong market presence and customer base in the Australian market.

Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (UK and Singapore) included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been represented to include those operations classified as discontinued in the current year.

	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
<i>Profit for the year from discontinued operations</i>		
Revenue	76	-
Expenses	(465)	(95)
Loss before tax	(389)	(95)
Attributable income tax expense	-	-
	(389)	(95)
Exchange differences on translation of discontinued operations	(14)	(2)
Loss for the year from discontinued operations	(403)	(97)
<i>Cash flows from discontinued operations</i>		
Net cash outflows from operating activities	(443)	(41)
Net cash inflows from investing activities (inflows from parent office)	447	43
Net cash outflows from financing activities	-	-
Effect of exchange rate movements	(4)	(2)
Net cash inflows	-	-
<i>Assets and liabilities of disposal group</i>		
Cash	-	10
Total assets	-	10
Employee benefit obligations	-	(55)
Intercompany payable to parent office	-	(47)
Total liabilities	-	(102)

7. EARNINGS PER SHARE

	Year ended 31 Mar 2020 \$000	Year ended 31 Mar 2019 \$000
Net profit attributable to equity holders from continuing operations	2,665	48
Net profit attributable to equity holders from continuing and discontinued operations	2,276	48
	No.	No.
Weighted average number of shares for basic and diluted earnings per share	129,171,922	111,946,994
Earnings per share from continuing operations (cents per share)	2.06	0.04
Loss per share from discontinued operations (cents per share)	0.30	0.08

There are potential ordinary shares that have not been included in the dilutive earnings per share calculation because they are anti-dilutive.

The loss per share for 2019 has been restated for the 1:20 consolidation which occurred on 3 April 2020, approved by shareholders on 30 March 2020, pursuant to *AASB 133 Earnings per share*.

8. CASH AND CASH EQUIVALENTS

	31 Mar 2020 \$000	31 Mar 2019 \$000
Cash and cash equivalent consist of:		
Cash in hand and on demand deposits	1,054	2,411
	1,054	2,411
Reconciliation of profit for the year to operating cash flows:		
Net profit for the year	2,276	48
<i>Adjustments for:</i>		
Depreciation expense	130	16
Share based payments	19	90
Finance costs	88	100
Foreign exchange gains	7	2
Fair value adjustment on contingent consideration	(420)	-
Loss on discontinued operations	389	-
<i>Movement in working capital items:</i>		
Increase in trade and other receivables	(787)	446
Increase in deferred tax asset	(1,264)	-
Increase in prepayments	(29)	(37)
Decrease in trade and other payables	1,193	(75)
Decrease in employee provisions	61	95
	1,663	685

No non-cash financing occurred during the period.

9. TRADE AND OTHER RECEIVABLES

	31 Mar 2020 \$000	31 Mar 2019 \$000
Trade receivables	1,995	1,226
Security deposits	28	53
Other receivables	45	69
	2,068	1,348

The average credit period on the sale of goods and services is 30 days. No interest has been charged on trade receivables and an allowance for doubtful debts has not been recognised.

Age of trade receivables but not impaired

	31 Mar 2020 \$000	31 Mar 2019 \$000
0-30 days	1,337	894
31-60 days	474	244
61-90 days	82	78
>90 days	102	10
	1,995	1,226
Average age (days)	34	38

10. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) FINANCIAL ASSETS

	31 Mar 2020 \$000	31 Mar 2019 \$000
Shareholding in TSI India	5,530	9,780
	5,530	9,780

Fair value methodology

Shares in TSI India are not publicly traded and the directors are not aware of any reliable information regarding independent third-party share transactions to assess the fair value.

The fair value of investments in TSI India is measured on a recurring basis at each reporting date.

The assessment of fair value of those investments is a 'Level 3' hierarchy under *AASB 13 Fair Value Measurement*. The measurement of fair value under Level 3 hierarchy is based on significant unobservable inputs.

The directors have obtained an independent expert's valuation report to measure the fair value of the investment at balance date. The fair value measurement model is based on the Sum-of-parts methodology comprising the following:

- Discounted Cash Flows (DCF) method for valuation of the TSI India business; and
- The value of other assets and liabilities of TSI India

The DCF method estimates the fair value of the business by discounting the future cash flows arising from the business of TSI India. The application of DCF method requires significant assumptions to be made regarding the various inputs.

Due to uncertainty caused by COVID-19, the fair value result was derived based on three different scenarios, the Alternative Case, the Base Case and the Management Case. To arrive at a valuation range, probabilities were assigned to each of the scenarios and a weighted average was applied. More than 50% probability was applied to the Base Case and Alternative Case largely based on historical performance to year ending 31 March 2020 as well as judgment on growth. A 15% to 25% probability was assigned to the Management Case.

The key assumptions for each case were:

Alternative Case

- The forecast applies estimates for reductions and growth in the number of transactions due to COVID-19.
- Transaction volumes for ATM machines and BillPay operations are forecasted to reduce from March 2020 levels by 40% in April 2020 and 30% in May 2020, then a gradual recovery of 10% per month beginning June 2020 until it recovers to March 2020 levels in March 2021. Thereafter, long term growth of 4.0% per annum over the remaining forecast period is projected to resume.
- E-surveillance is considered to remain inelastic; therefore, no reductions or growth have been factored.
- The number of transactions per day per ATM is based on the maximum recorded over the financial year to 31 March 2020 at each bank.

- Operating costs assume a 4.0% inflation rate based on the historical costs to 31 March 2020.

Base Case

- The forecast number of transactions and revenue per transaction across TSI India's services are based on the 12 months to 31 March 2020.
- The number of transactions are then assumed to grow at a flat 4.0% per annum for the ATM operations and I-Pay, while BillPay and E-surveillance do not experience any growth throughout the forecast period.
- The number of transactions per day per ATM is based on the maximum recorded over the financial year to 31 March 2020 at each bank.
- Operating costs assume a 4.0% inflation rate based on the historical costs to 31 March 2020.

Management Assumptions

- Forecasts and assumptions were provided by TSI India's management up through year ending 2024. No underlying growth is assumed for year ending 2025, only a 4.0% inflation assumption is applied.
- The future cash flows for the period of 4.5 years have been applied.
- ATM revenue is primarily generated in the form of a fee per ATM transaction. This fee varies among the banks and also the location of the ATM machines. The fees are forecasted to increase by 3% for year 2021 and remain about the same for the future years.
- The transaction volumes per ATM machines is different for each bank; therefore, the transaction volumes are forecasted to decrease by 5% in the first year and ramp up by 19% in the second year and increase by about 10% for each year thereafter.
- BillPay and I-Pay units are not forecasted to increase and E-surveillance units are slightly increased.
- Operating cost assumptions regarding the fixed costs and direct and indirect site expenses have been lowered due to the reduction of ATMs.
- The terminal value of the ATMs at the end of 5 years are computed based on no growth into perpetuity.

In addition:

- A pre-tax discount rate of 14% has been applied based on the cost of equity using a risk free rate of return of 6.1%, an equity beta of 0.8 and an equity risk premium of 4.0%.
- The inflation rate has been assumed at 4.0% based on RBI and TSI India ATM transaction data.

The independent valuation result in Vortiv's 25% investment in TSI India is between \$5.5 million and \$8.9 million. The board adopted a conservative value of \$5.5 million.

The valuation of the Company's investment in TSI India is predominantly based on prospective financial information. Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of managements actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecast.

Reconciliation of movement in 'Level 3' financial instruments

	31 Mar 2020 \$000	31 Mar 2019 \$000
Balance at the beginning of the year	9,780	15,340
Movement in fair value of financial instruments	(4,250)	(5,560)
	5,530	9,780

The directors have concluded that, even though the company has a 24.89% equity interest in TSI India, it does not exert significant influence over the operations of the investee. The reasons are stated below:

- Board representation: VOR has one seat on a Board of 7 directors. The decisions of the Board are taken by a majority vote. VOR has no significant ability to influence decision making at Board level.
- Material transactions: Other than a partial reimbursement of costs which expired in June 2015 there have been no material transactions between VOR and the investee.

- Interchange of Managerial personnel: Gary Foster was replaced by Jeffrey Lai as a non-executive director during the year. There has been no other interchange of managerial personnel between VOR and TSI India

Provision of essential technical information: There has been no provision of essential technical information between VOR and the investee.

11. PLANT AND EQUIPMENT

	31 Mar 2020 \$000	31 Mar 2019 \$000
Plant and equipment		
At cost	184	130
Accumulated depreciation	(75)	(44)
	109	87
Movement in plant and equipment		
Balance at the beginning of the year	87	35
Additions during the year	61	67
Depreciation for the year	(38)	(16)
Balance at the end of the year	109	87

12. GOODWILL

	31 Mar 2020 \$000	31 Mar 2019 \$000
Decipher Works Pty Ltd	3,163	3,163
Cloudten Industries Pty Ltd	7,782	7,782
Goodwill	10,945	10,945

Recoverable amount of goodwill for Decipher Works Pty Ltd

The recoverable amount of the goodwill has been determined using value in use method based on the net present value of projected earnings before interest, tax and depreciation using cash flow projections based on financial budgets approved by senior management covering a five-year period. A growth rate of 22% was used for 2021 based on existing contracts with customers and pipeline due to increase in cybersecurity market with a moderate growth rate of 8-10% for the next four years to extrapolate managements positive operating cash flow forecast.

The pre-tax discount rate applied to the cash flow projections is 18%.

The calculated recoverable value was greater than the carrying value of the Cash Generating Unit and therefore there was no impairment required.

A 5% increase/decrease in the discount rate used while holding other variables constant would decrease/increase the net present value by (\$907,201)/\$745,702 and would not result in an impairment. A 30% decrease in forecasted net cashflows would decrease NPV by \$1,977,404 and would not result in an impairment.

The net present value is predominantly based on prospective financial information. Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of managements actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary from the forecast.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Acquisition of Cloudten Industries Pty Ltd

On 1 February 2019 VOR acquired 100% of the voting shares of Cloudten Industries Pty Ltd (C10). The total cost of the combination was \$8,600,000 as cash consideration.

The initial accounting for the business combination has been provisionally accounted for.

Acquisition date fair value of the consideration transferred

	\$000
Cash paid on settlement	3,000
Cash due 90 days post settlement	1,500
Cash due 180 days post settlement	1,500
Cash due 270 days post settlement	1,500
Cash due 365 days post settlement	1,100
Contingent consideration (i)	1,093
Total consideration	9,693

- (i) Under the acquisition agreement, the Group is required to pay contingent consideration to the vendors based on the EBIT of Cloudten over a 4-year period. Management, at acquisition date, fair valued the contingent consideration at \$1,093,000 based on future cashflows.

Assets acquired and liabilities assumed at the date of acquisition

	\$000
Cash and cash equivalents	1,576
Trade and other receivables	910
Deposits	26
Prepayments	6
Property, plant and equipment	33
Trade and other payables	(519)
Provisions	(121)
Fair value of identifiable net assets acquired	1,911
Goodwill arising on acquisition	7,782
Total consideration	9,693

Recoverable amount of goodwill for Cloudten Industries Pty Ltd

The recoverable amount of the goodwill has been determined using value in use method based on the net present value of projected earnings before interest, tax and depreciation using cash flow projections based on financial budgets approved by senior management covering a five year period. A growth rate of 38% was used 2021 based on existing contracts with customers and pipeline due to increase in the data analytics and cloud market with a moderate growth rate between 10-12% for each year for the next four years to extrapolate managements positive operating cash flow forecast.

The pre-tax discount rate applied to cash flow projections is 15%.

The calculated recoverable value was greater than the carrying value of the Cash Generating Unit and therefore there was no impairment required.

A 5% increase/decrease in the discount rate used while holding other variables constant would decrease/increase the net present value by (\$1,289,174)/\$1,580,244 and would not result in an impairment. A 30% decrease in forecasted net cashflows would decrease NPV by \$3,264,722 and would not result in an impairment.

The net present value is predominantly based on prospective financial information. Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of managements actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary from the forecast.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	31 Mar 2020 \$000	31 Mar 2019 \$000
Cash paid	5,600	3,000
Less cash acquired with the subsidiary	-	(1,576)
Add/(subtract) acquisition costs	(4)	153
Net cash outflow	5,596	1,577

Payable to Cloudten Vendors

	31 Mar 2020	31 Mar 2019
	\$000	\$000
Balance at the beginning of the year	6,496	-
Total cash consideration on acquisition of Cloudten	-	8,600
Contingent consideration on acquisition and adjustment (ii)	(420)	1,093
Less cash payments	(5,600)	(3,000)
Less/(plus) Income tax and other payments made on behalf of Cloudten vendors	197	(197)
Balance at the end of the year	673	6,496
Current	27	5,403
Non-current	646	1,093

(ii) The fair value of the contingent consideration at the end of the year was adjusted to \$673,115, down by \$419,885 from the previous year primarily due to the resignation of Malcolm Duncanson, one of the sellers of the Cloudten business. As a result of his resignation, Malcolm released his half of the remaining consideration.

13. TRADE AND OTHER PAYABLES

	31 Mar 2020	31 Mar 2019
	\$000	\$000
Trade payables	737	261
Employee entitlements	609	647
Other payables	260	330
	1,606	1,238

The trading terms with the creditors generally provide for 30 days credit.

14. CONVERTIBLE NOTES

During the year ended 31 March 2018, the company offered 2-year Convertible notes to staff, management and directors of the company to be used for working capital and advance further growth opportunities. The company raised \$670,000. The terms of the notes were:

- Immediate draw-down
- 2-year term
- 10% per annum interest accrued and payable at maturity in cash or converted in to shares at the conversion price
- Conversion price of 1.1 cents (22 cents post consolidation)
- Unsecured

The notes were initially recognised by compounding the future value based on the 2-year term and 10% per annum interest rate. The present value was then calculated using a 15% discount rate, resulting in an equity component of \$51,730. Interest of \$99,694 was expensed in the year.

The notes were to expire on 15 December 2019; however, the company offered an extension to noteholders with the following terms:

- 9 months, expires 15 September 2020
- 8% per annum interest accrued and payable at maturity in cash or converted in to shares at the conversion price
- Conversion price of 1.1 cents (22 cents post consolidation)
- Unsecured

Notes with a face value of \$80,000 were not extended and cash (including interest) was paid to the noteholders.

	01 Apr 2019 \$000	Financing cash flows (i) \$000	Non-cash changes Equity component \$000	Other changes (ii) \$000	31 Mar 2020 \$000
Convertible notes	747	(98)	-	88	737

	01 Apr 2018 \$000	Financing cash flows (i) \$000	Non-cash changes Equity component \$000	Other changes (ii) \$000	31 Mar 2019 \$000
Convertible notes	647	-	-	100	747

(i) The financing cash flows make up the net amount of proceeds/(payments) in the statement of cash flows.

(ii) Other changes include interest accruals

15. PROVISIONS

	31 Mar 2020 \$000	31 Mar 2019 \$000
Long Service Leave	143	82
	143	82

16. CONTRIBUTED EQUITY

	31 Mar 2020 \$000	31 Mar 2019 \$000
Issued and paid up capital	41,789	38,498
	41,789	38,498

	Nos.	\$000
Movement in ordinary shares		
Opening balance	2,126,013,142	36,644
Issued for cash	238,205,883	2,025
Issued for cash received in prior year	48,181,818	-
Costs of issue	-	(171)
Balance at 31 March 2019	2,412,400,843	38,498
Issued for cash	376,779,421	3,513
Costs of issue	-	(222)
Balance at 31 March 2020	2,789,180,264	41,789

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

17. RESERVES

	31 Mar 2020 \$000	31 Mar 2019 \$000
FVOCI reserve	226	4,476
Share based payment reserve	124	135
Convertible note reserve	52	52
Foreign currency translation reserve	(17)	2
	385	4,664

18. SHARE BASED PAYMENTS

Employee share-based payments

The company has an employee share option plan for directors, executives, and employees of the company and its subsidiaries. The board may in its absolute discretion impose performance criteria that must be satisfied. Once the performance criteria are satisfied, the company must obtain shareholder approval before an option can be granted.

During the year options have been granted to directors, executives, and employees of the Company and its subsidiaries.

Fair value of share options granted in the year

Name	Granted Nos.	Exercise price	Expiry date	Vesting (from grant date)
Howard Digby	3,000,000	1.3 cents	30 March 2022	30 March 2020
Gary Foster	4,000,000	1.3 cents	30 March 2022	30 March 2020
Gregg Taylor	4,000,000	1.3 cents	30 March 2022	30 March 2020

The input variables used in the Black Scholes option pricing model are as follows:

	Options expiring 30 March 2022
Share price 30 March 2020	0.4 cents
Exercise price	1.3 cents
Expected volatility	132%
Option life	2.0 years
Dividend yield	0%
Risk-free interest rate	.39%

\$19,000 was recognised as a share-based payment reserve in the year in relation to this share-based payment.

Non-employee share-based payments

During the year, no share-based compensation was granted as part consideration for services performed in a capital raising undertaken by the company.

Share-based payment arrangements in existence during the current year

Name	Number	Grant date	Expiry date	Exercise price
Convertible notes	6	15 December 2017	15 September 2020	1.100 cents
1 for 1 attaching unlisted	48,181,818	28 March 2018	03 April 2020	1.700 cents
Managing broker	5,000,000	28 March 2018	03 April 2020	2.000 cents
Jeffrey Lai	30,375,000	29 August 2018	23 September 2020	0.851 cents
1 for 1 attaching unlisted	58,080,890	21 December 2018	21 December 2020	1.300 cents
1 for 1 attaching unlisted	58,080,890	21 December 2018	21 December 2021	1.500 cents
1 for 1 attaching unlisted	1,470,580	07 February 2019	21 December 2020	1.300 cents
1 for 1 attaching unlisted	1,470,580	07 February 2019	21 December 2021	1.300 cents
Howard Digby	1,000,000	07 February 2019	06 February 2021	1.220 cents
Howard Digby	3,000,000	30 March 2020	30 March 2022	1.300 cents
Gary Foster	4,000,000	30 March 2020	30 March 2022	1.300 cents
Gregg Taylor	4,000,000	30 March 2020	30 March 2022	1.300 cents

Movements in share options during the year

	Number of options	2020 Weighted average exercise price CU	Number of options	2019 Weighted average exercise price CU
Balance at beginning of year	453,865,685	1.20	60,625,015	3.00
Issued during the year	11,000,000	0.07	453,865,674	1.20
Exercised during the year	(127,367,656)	(0.65)	-	-
Expired during the year	(122,838,244)	(0.60)	(60,625,004)	(3.00)
Balance at end of year	214,659,780	1.40	453,865,685	1.20

The share options outstanding at the end of the year had a weighted average remaining contractual life of 10.3 months (2019: 13.0 months).

19. FINANCIAL INSTRUMENTS

Board policy on financial instruments

The Company's financial instruments arise directly from its operations and through the fund-raising activities. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

Financial instruments expose the Company to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Given the nature and size of the business, no formal risk management committees have been established, however responsibility for control and risk management is delegated to the appropriate level of management with the chief executive officer and chief financial officer (or their equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of the operations and financial position of the Company. The Board also reviews risks that relate to operations and financial instruments as required, but at least every six months.

Given the uncertainty as to the timing and amount of cash inflows and outflows, the Company has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Company's operations change, the Directors will review this policy periodically going forward.

The Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

Capital Management Policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Company, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Company is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt, where appropriate).

The Board manages the paid-up share capital as its capital base. (2020: \$41,789,082; 2019: \$38,497,647).

Fair value of financial instruments

	31 Mar 20 \$000	31 Mar 19 \$000
Cash and cash equivalent	1,054	2,411
Trade and other receivables (1)	2,285	1,495
FVOCI financial assets (Refer note 10)	5,530	9,780
Total	8,869	13,686
Trade and other payables (1)	(1,662)	(1,238)
Payable to Cloudten Vendors	(673)	(6,496)
Convertible notes	(737)	(747)
	(3,072)	(8,481)

(1) The fair values closely approximate their carrying amount on account of the short maturity cycle.

Credit risk

The Group's credit risks arise from potential default of trade and other receivables. The maximum credit exposure is limited to the carrying amount of trade and other receivables of \$2,284,638 (2019: \$1,495,133) at reporting dates.

	31 Mar 20 \$000	31 Mar 19 \$000
Ageing analysis of trade and other receivables:		
Recoverable within 3 months	2,257	1,485
Recoverable after 3 months	28	10
Bad and doubtful debts	-	-
Total	2,285	1,495

Trade and other receivables comprise receivables from customers, contract assets (work in progress) and rental bonds. The Board monitors the recoverability through an aged receivable schedule and inputs from the management team.

There are no significant concentrations of credit risks.

Liquidity risk

The Group's liquidity risks arise from potential inability of the Group to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The contractual maturity analysis of the Group's financial liabilities is as follows:

	< 3 months		> 3 months		Total	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Trade and other payables	1,606	1,238	56	-	1,662	1,238
Payable to Cloudten Vendors	27	5,403	646	1,093	673	6,496
Convertible note	-	-	737	747	737	747
Total outflows	1,633	6,641	1,439	1,840	3,072	8,481
Cash and cash equivalents	1,054	2,411	-	-	1,054	2,411
Trade and other receivables	2,257	1,485	28	10	2,285	1,495
Total inflows	3,311	3,896	28	10	3,339	3,906
Net (outflow)/inflow on financial instruments	1,678	(2,745)	(141)	(1,830)	267	(4,575)

Interest rate risk

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

Management periodically reviews the interest rates offered on cash and cash equivalents. The Group's primary objective is on developing the core business rather than earning interest income. The cash balances are invested at the prevailing short-term market interest rates with credit worthy financial institutions.

The sensitivity of the interest-bearing financial instruments to a 1% change in market interest rate is:

	31 Mar 20 \$000	31 Mar 19 \$000
Cash and cash equivalents	1,054	2,411
	1,054	2,411
Impact on profit and equity +1% movement	11	24
Impact on profit and equity -1% movement	(11)	(24)

Foreign currency risk

The Company has exposure to Indian Rupees because of the geographical location of the investment.

	31 Mar 20 \$000	31 Mar 19 \$000
Indian rupee denominated financial instruments		
FVOCI financial assets	5,530	9,780
	5,530	9,780
US dollar denominated financial instruments		
Cash and cash equivalents	2	1
Trade and other payables	(21)	(37)
	(19)	(36)

The Board does not currently engage in hedging these foreign currency risks.

The sensitivity of the foreign currency denominated financial instruments to a 10% change in market exchange rate are:

Impact on other comprehensive income	31 Mar 20 \$000	31 Mar 19 \$000
Appreciation of A\$ by 10%		
Indian rupees	553	978
US dollars	(2)	(4)
	551	974
Depreciation of A\$ by 10%		
Indian Rupees	(553)	(978)
US dollars	2	4
	(551)	(974)

20. KEY MANAGEMENT PERSONNEL DISCLOSURE

Key Management Personnel

The KMP of the Company during the current year and prior financial year were:

Name	Role
Mr. Gary Foster	Chairman, non-executive director
Mr. Jeffrey Lai	Executive director/Chief executive officer
Mr. Gernot Abl	Non-executive director (resigned 31 July 2019)
Mr. Howard Digby	Non-executive director
Mr. Gregg Taylor	Non-executive director (appointed 09 October 2019)

All KMP of the Company were in office for the entire year unless stated otherwise.

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	31 Mar 20 \$000	31 Mar 19 \$000
Short-term employee benefits	323	304
Post-employment benefits	17	17
Share based payments	19	90
	359	411

Loans to Key Management Personnel

There were no loans made to KMPs during the year (2019: Nil)

Other balances and transactions with Key Management Personnel

Vortiv offered convertible notes to KMP and employees (see note 14) during the year ended 31 March 2018. Gary Foster and Jeffrey Lai accepted the offer as disclosed in the Director's report. Vortiv did not engage in any other transactions with KMPs, other than in their capacity as shareholders of the company.

21. COMMITMENTS

Capital commitments

At 31 March 2020, the Group had no capital commitments.

Operating lease commitments

The Group has operating lease commitments in relation to office premises. The existing commitments in relation to non-cancellable operating leases at reporting dates were:

	31 Mar 2020 \$000	31 Mar 2019 \$000
Payable within 1 year	33	93
Between 1 and 5 years	-	-
Beyond 5 years	-	-
Total	33	93

22. CONTINGENT ASSETS AND LIABILITIES

At 31 March 2020 there are no contingent assets within the Group. The only contingent liability is the Payable to Cloudten vendors as described in Note 12.

23. EVENTS AFTER BALANCE SHEET DATE

On 30 March 2020, at the General Meeting, the shareholders approved to consolidate the issued capital of the Company on the basis that every 20 shares and options on issue be consolidated into one share and option on issue with an effective date of 3 April 2020. For clarity, this report presents the number of shares and options at the pre consolidation amounts and the earnings per share at the post consolidation amounts.

Subsequent to the balance date there were no other matters or circumstances that have arisen since the end of the year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in the future financial years.

24. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, TSN at 31 March 2020. The information presented here has been prepared using consistent accounting policies as presented in note 25.

	31 Mar 20 \$000	31 Mar 19 \$000
Financial Position		
Assets		
Current assets	93	365
Non-current assets	23,520	22,750
Total assets	23,613	23,115
Liabilities		
Current liabilities	(370)	(6,011)
Non-current liabilities	(7,422)	(4,669)
Total liabilities	(7,792)	(10,680)
Net assets	15,821	12,434
Equity		
Contributed equity	42,559	38,498
Reserves	863	2,200
Accumulated losses	(27,601)	(28,264)
Total equity	15,821	12,434
Financial Performance		
Profit/(Loss) for the year	(633)	(1,200)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	(633)	(1,200)

No guarantees have been entered into by Vortiv in relation to the debts of its subsidiaries.

Vortiv had no commitments to purchase property, plant and equipment or contingent liabilities at year end.

25. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of Vortiv Limited and its controlled entities. The Company has control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Company and ceases when the Company loses control of the subsidiary. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent has control.

Accounting for subsidiaries in parent financial statements

The investments in subsidiaries are measured at costs less any accumulated impairment.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 31 March 2020 the Group generated a profit of \$2,276,690 (2019: \$47,540) and net cash inflows from operating activities of \$1,663,171 (2019: \$685,003). As at balance date the Group had a working capital surplus of \$426,303 (2019: deficit \$3,412,798). Included in the working capital deficit in 2019 as outlined in Note 12 the Company was liable to pay \$5,403,378 to Cloudten vendors as consideration for the acquisition of Cloudten Industries Pty Ltd of which the majority of it was paid in 2020.

The directors have prepared a cash flow forecast, which indicates the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

There are no indicators suggesting going concern problems and, therefore, no significant doubt regarding the entity's ability to continue as a going concern.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, with limited exceptions. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If that amount is less than the fair value of the net identifiable assets, the difference is recognised directly in the profit and loss as a bargain purchase.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note b above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Translation of foreign operations

The functional currencies of each individual component of the Group are their respective economic currencies.

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to profit or loss.

Transactions in foreign currencies

In preparing the financial statements of each individual Group entity, transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date and gain or loss in exchange rate movements are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Revenue recognition

To assess the impact of *AASB 15 Revenue from Contracts with Customers* on the Group, the five-step method is applied to each contract to assess the impact on revenue recognition.

The five-step method for recognising revenue from contracts with customers involves consideration of the following:

1. Identifying the contract with the customer
2. Identifying performance obligations
3. Determining the transaction price
4. Allocating the transaction price to distinct performance obligations
5. Recognising revenue

In terms of impact to the presentation of the consolidated interim financial statements, AASB 15 requires the disaggregation of revenue to provide clear and meaningful information. For the Group, management concluded that presentation of revenue in terms of the method of revenue recognition was most appropriate.

IT Services

IT services provide management, architecture, design, implementation, deployment and managed service support under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

The Group has fixed and variable priced service contracts. Fixed price contracts are either a fixed monthly amount over a longer term or a fixed contract amount over a shorter term.

For fixed price, fixed monthly, longer term contracts, revenue is recognised at the fixed monthly amount at the end of each month. Some of these contracts have clauses that specify time spent above a limited number of hours for a specific activity is additionally billed and this is recognised as revenue in the period the time is spent based on the hours multiplied by the rate per the contract.

For fixed price, shorter term contracts, revenue is recognised at the end of each period when the service is provided or when the milestone is met as a proportion of the total services to be provided or milestones expected.

For variable price contracts, revenue is recognised on the actual service provided at the end of each period based on the actual labour hours spent multiplied by the rate per the contract.

IT services also purchases software licenses and partner services and re-sells them to their customers. Once the transaction is complete, the partner provides the customer with access to the software and their services. In some instances, we deploy the software on to the customers infrastructure, which is a separate service agreement as described above.

Revenue from the sale of software licenses is recognised at a point in time when the sale occurs and revenue from partner services is either recognised at a point in time when the sale occurs or over time when the services are performed.

Licenses that are bundled with other services, management has determined that the performance obligation is satisfied over a period of time.

Contract Costs

Contract costs consist of personnel time and materials consumed and are expensed as they occur.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Employee benefits

Employee benefits such as salary and wages are measured at the rate at which the Group expects to settle the liability; and recognise during the period over which the employee services are being rendered.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when

the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Leases

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy and the impact of the change is described in note 1.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased asset, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, if they are short term leases or less than US\$5,000 are charged to profit or loss on a straight-line basis over the term of the lease.

Income tax

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other taxes

Revenues, expenses and assets are recognised net of the amount of indirect taxes except:

- where the taxes incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case those taxes are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of taxes included.

The net amount of taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the indirect tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of indirect taxes recoverable from, or payable to, the taxation authority.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The weighted average number of shares outstanding during the reporting period represents the equity structure of the legal parent, i.e. Vortiv Ltd ("VOR").

Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For Financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measure at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measure at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment. The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliability predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

(i) Financial assets at fair value through profit and loss or through other comprehensive Income

Financial assets are classified at 'fair value through profit or loss' or Fair value through Other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'Fair Value through other comprehensive income'.

(ii) Financial Liabilities

The Group's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The assets are depreciated over the following period in the current and prior reporting periods:

	Life
Computer related equipment	2 to 4 years
Office equipment & furniture	5 to 14 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value through other comprehensive income (FVOCI)

1. Classification

The Company classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

2. Measurement

Financial assets measured at fair value through other comprehensive income

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which *AASB 3 Business Combination* applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets measure at amortised cost

Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in note (3) Impairment of financial assets.

3. Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

No ECL is recognised on equity investments.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Liabilities expected to be settled within the normal trading cycle are carried at cost, and those expected to be settled beyond 12 months are measured at amortised cost.

Share based payment arrangements

Share-based payment transactions of the company

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Issued capital

Issued and paid up capital are recognised at the consideration received by the company.

Expenses (including the tax effect) incurred directly in relation to the issue of the equity instruments are deducted from equity.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The liability for long service leave is recognised in the provision and measured based on current wage and salary levels and probability based on period of service.

CORPORATE INFORMATION

Directors

Gary Foster	Chairman, non-executive director
Gregg Taylor	Non-executive director
Howard Digby	Non-executive director
Jeffrey Lai	Executive director

Company secretary

Phillip MacLeod

Registered office

Unit 9, 88 Forrest Street
Cottesloe WA 6011

Principal office

16 Gympie Way
Willetton WA 6155

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, London House
216 St Georges Terrace
Perth WA 6000

Share registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009
Telephone: 1 300 113 258
International: +61 8 9389 8033

Contact details

Telephone: +61 8 9259 1592

Bankers

National Australia Bank Limited

Stock exchange listing

ASX Limited
Home Exchange: Perth, Western Australia
Code: VOR

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Transaction Solutions International Limited, I state that:

In the opinion of the directors:

- (a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

The Directors have been given the declarations required by section 295A of the Corporations Act 2001

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors



Jeffrey Lai

Perth, 30th June 2020

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To The Board of Directors,

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Vortiv Limited for the financial year ended 31 March 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,



BENTLEYS
Chartered Accountants



DOUG BELL CA
Partner

Dated at Perth this 30th day of June 2020

Independent Auditor's Report

To the Members of Vortiv Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vortiv Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 March 2020 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



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Independent Auditor's Report

To the Members of Vortiv Limited (Continued)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit addressed the Key Audit Matter
<p>Financial Assets - \$5,530,000</p> <p>Refer to Note 10 – Financial assets at fair value through other comprehensive income.</p> <p>We focused on this area and deemed it a key audit matter due to the size of the balance and the inherent judgement involved in determining the fair value of financial instruments with significant unobservable inputs.</p> <p>As at 31 March 2020 the financial assets were valued at \$5,530,000 (2019: \$9,780,000). The financial asset is a “level 3” financial instrument in accordance with the classification under Australian Accounting Standards where values are derived from significant unobservable inputs. The valuation therefore requires a higher degree of judgement.</p> <p>The financial asset relates to the 24.89% equity interest in Transaction Solutions International (India) Private Limited.</p>	<p>In assessing this key audit matter we involved valuation specialists.</p> <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> - Agreeing the existence and number of shares held of financial asset security balances to share certificates; - Obtaining the independent expert's valuation of the financial asset; - We evaluated the methodology for determining the valuation of the investment in Transaction Solutions International (India) Private Limited by comparing the model with generally accepted valuation methodology and accounting standard requirements; - We checked the mathematical accuracy of the model and recalculated the recoverable amount; - We reviewed sensitivity analysis on key assumptions such as the discount rate and expected growth in transactions to identify the assumptions relative to the risk of impairment and focus our audit effort thereon; - We assessed the appropriateness of the disclosures included in Notes 10 and 25 to the financial report.
<p>Impairment testing of Cash Generating Units (“CGUs”)</p> <p>As required by the Australian Accounting Standards, the Group performs an annual impairment test for each CGU to which goodwill and other assets have been allocated to determine whether the recoverable amount is below the carrying amount as at 31 March 2020. A value in use model which includes cash flow assumptions and discount rates is used to calculate the recoverable amount of each CGU, being Decipher Works Pty Ltd and Cloudten Industries Pty Ltd.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the value in use model and assumptions used; - Critically evaluating management's methodologies and their documented basis for key assumptions utilised in the valuation models which are described in Note 12; - We compared growth rates against observable external market data and growth activity internally;

Independent Auditor's Report

To the Members of Vortiv Limited (Continued)



Impairment testing is considered to be a key audit matter due to the significance of the assets to the Group's consolidated financial position and performance and due to the judgement involved in determining the key assumptions used in the recoverable amount.

- We checked the mathematical accuracy of the cash flow models and assessed the historical accuracy of forecasting by the Group;
- We performed sensitivity analyses around the key drivers of growth rates used in the cash flow forecasts and the discount rate used; and
- We assessed the appropriateness of the disclosures included in Notes 12 and 25 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 March 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditor's Report

To the Members of Vortiv Limited (Continued)



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

To the Members of Vortiv Limited (Continued)



Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 March 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 31 March 2020, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the firm Bentleys in blue ink.

BENTLEYS
Chartered Accountants

A handwritten signature of Doug Bell in blue ink.

DOUG BELL CA
Partner

Dated at Perth this 30th day of June 2020.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 17 July 2020.

1 TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed are:

		Ordinary shares	
		Number	Percentage
1	Ilwella Pty Ltd	11,269,853	8.08
2	Bretnall Custodians Pty Ltd	7,805,093	5.60
3	National Nominees Limited	7,359,739	5.28
4	Westedge Investments Pty Ltd	5,240,125	3.76
5	Athraustos Pty Ltd	4,521,924	3.24
6	SLH Enterprises Pty Ltd	4,481,924	3.21
7	TW Consulting Co Ltd	3,400,000	2.44
8	Richard Tomkinson	2,356,004	1.69
9	Martin Paul Wilson & Gail Ann Wilson	1,955,250	1.40
10	Whitechurch Developments Pty Ltd	1,855,000	1.33
11	Stephen Colbeck	1,750,000	1.25
12	Techforce Personnel Pty Ltd	1,500,000	1.08
13	Martin Paul Wilson	1,371,030	0.98
14	Kiril Ruvinsky	1,330,000	0.95
15	Makram Hanna & Rita Hanna	1,192,000	0.85
16	Jamie Wright	1,013,000	0.73
17	Cherryl Brayshaw & Belinda Brayshaw	988,967	0.71
18	HM Fund Pty Ltd	985,000	0.71
19	Roderick Stuart Howe & Julia Mary Howe	900,000	0.65
20	John-Paul Lisica & Helen Lisica & Mark Lisica	873,361	0.63
		62,148,270	44.57

2 DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding:

Ordinary shares		Number of Holders	Number of Shares
1	- 1,000	274	124,461
1,001	- 5,000	878	2,813,640
5,001	- 10,000	390	3,100,221
10,001	- 100,000	814	28,250,210
100,001	and over	188	105,170,745
		2,544	139,459,277
The number of shareholders holding less than a marketable parcel of shares are:		548	638,447

Options		Expiring 23/09/2020 Exercisable at 17.02 Cents		Expiring 21/12/2020 Exercisable at 26 Cents		Expiring 06/02/2021 Exercisable at 24.4 Cents	
		Number of Holders	Number of Holders	Number of Holders	Number of Options	Number of Holders	Number of Options
1	- 1,000	-	-	-	-	-	-
1,001	- 5,000	-	-	1	1,744	-	-
5,001	- 10,000	-	-	5	37,133	-	-
10,001	- 100,000	-	-	34	1,009,624	1	50,000
100,001	and over	1	1,518,750	4	1,929,085	-	-
		1	1,518,750	44	2,977,586	1	50,000

Options		Expiring 21/12/2021 Exercisable at 30 Cents		Expiring 30/03/2022 Exercisable at 26 Cents	
		Number of Holders	Number of Holders	Number of Holders	Number of Options
1	- 1,000	-	-	-	-
1,001	- 5,000	1	1,744	-	-
5,001	- 10,000	5	37,133	-	-
10,001	- 100,000	34	1,009,624	-	-
100,001	and over	4	1,929,085	3	550,000
		44	2,977,586	3	550,000

3 VOTING RIGHTS

See Note 16 of the Notes to the Financial Statements.

4 SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as at 17 July 2020 are:

	Number of Shares
Ilwella Pty Ltd/Q Flannery	12,089,130
Bretnall Custodians Pty Ltd/G Foster	8,141,940

5 UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

Unlisted Options (17.02 Cents Exercise Price on or before 23 September 2020)	
Polaris Equity Pty Ltd	1,518,750
Unlisted Options (26 Cents Exercise Price on or before 21 December 2020)	
Ilwella Pty Ltd	1,470,588
Unlisted Options (30 Cents Exercise Price on or before 21 December 2021)	
Ilwella Pty Ltd	1,470,588
Unlisted Options (24.4 Cents Exercise Price on or before 6 February 2021)	
Howard Digby	50,000

Unlisted Options (24.4 Cents Exercise Price on or before 6 February 2021)

Lamma Nominees Pty Ltd	150,000
R.E. Taylor Pty Ltd	200,000
Bretnall Custodians Pty Ltd	200,000

6 ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Vortiv Limited's listed securities.

7 RESTRICTED SECURITIES

The Company does not have any ordinary shares on issue that are subject to escrow.

CORPORATE GOVERNANCE STATEMENT

The Company's 2020 Corporate Governance Compliance Statement has been released as a separate document and the link can be found on our website at <https://www.tsnltd.com.au/investors-relations>